# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## China seeks arms deal

Yugoslavia may sell arms to China if talks in progress during Chinese leader Hua Kuo-Feng's visit to Belgrade are concluded successfully. The deal would anger the Soviet Union, already displeased at the massive welcome for Hua in the Yugoslav capital.

China, eager to modernise its armed forces, has sent two military missions to Yugoslavia this year to study the country's defence system.

If an arms deal is concluded, the Soviet Union is likely to regard it as an "unfriendly act." It could lead to a reduction or suspension of Soviet arms supplies to Yugoslavia. Back Page

### Air chaos looms

French air traffic controllers decided at a national meeting in Paris to launch a new work-to-rule of unlimited duration from Friday in their fight for better pay and conditions. Page 2

### Police backed

Home Secretary Mr. Merlyn Rees has told Sir David McNee, Metropolitan Police Commissioner, that he believes criticism of police action in Sunday's terrorist attack on an El Al bus in London is misplaced.

### Fishing ban

The Common Market Commission in Brussels has told the British Government that it could not approve the UK decision to ban herring fishing in the Irish Sea from September 24. Page 19

### Hunt for killer

Police frogmen joined the search for a lead to the killer of a 12-year-old schoolboy, whose body was found in the River Mole at Leatherhead, Surrey. He had been assaulted and strangled.

### Salmon tin rusty

A tin of salmon which poisoned four elderly people, killing one of them, was rusty and contained a tiny hole, a metal expert told a Birmingham inquest.

### Gun attack

An Ulster policeman and a soldier were wounded when terrorists opened fire on their car at Strabane. In Londonderry, police swooped on homes and offices, arresting seven people and seizing documents.

### Soviet sub

The crippled Soviet nuclear submarine, which surfaced off the north coast of Scotland on Saturday, faced more trouble last night, being towed round the coast by a Soviet rescue tug in deteriorating weather conditions.

### Factory fire

One person died as saboteurs set a restaurant and factory on fire in Iran, still stunned by a weekend cinema blaze in Abadan which killed 430 people.

### Council regret

The World Council of Churches expressed regret at the Salvation Army's move to suspend its membership because of council contributions to the Rhodesian Patriotic Front.

### Balloon protest

A Japanese jet airliner landed safely at Narita airport after colliding with a balloon sent up by opponents of Tokyo's new airport.

### Briefly . . .

Singapore court has sentenced a girl and her boyfriend to death by hanging for trafficking heroin.

London's Oxford Street will be transformed this Christmas by a blaze of colour created by laser beams.

Prince Charles will visit Yugoslavia in October as a guest of President Tito.

Greek ore carrier was badly damaged in a blaze on the Clyde.

### BUSINESS

## Equities at 523; Gold up $1

● EQUITIES rose to new levels on institutional and public buying. FT 30-Share Index, up 5.6 earlier, ended 4 points higher at 523.2, its best since October 21. Gold Mines Index rose 2.7 to 182.4.

● GILTS held steady. Government Securities Index rose 0.23 to 70.68.

● GOLD rose $1 to $206⅝.


● STERLING rose 10 points to $1.9295. Trade-weighted index fell to 62.2 (62.3). Dollar's depreciation widened to 9.1 (8.9) per cent.

● WALL STREET was off 0.52 at 888.43 near the close.

● U.S. TREASURY bill rates: Threes: 7.267 (6.88) per cent. Sixes: 7.471 (7.259) per cent.

● ALUMINIUM futures market is to be launched by the London Metal Exchange on October 2. The Aluminium Federation regretted that the advice it had given the Metal Exchange not to go ahead had not been taken. Page 19

● EEC iron and steel producers examined tough self-disciplinary measures aimed at limiting the industry's still-mounting losses.

● NIGERIA will almost certainly be able to draw its $1bn Euromarket loan before the late autumn. Back Page

● PEUGEOT-CITROEN next week is expected to give the first detailed explanation of its plans for developing Chrysler's European operations under the proposed takeover announced a fortnight ago. Back Page

● NATIONAL Enterprise Board has joined Barclays Bank in a rescue operation for Monotype, the printing equipment company, the Board and Barclays will each take 37.5 per cent stake in the equity. Back Page

● ENGINEERING union leaders endorsed a policy of tough action to try to regain control over two groups of workers refusing to call off unofficial strikes at SU Fuel Systems and Bathgate, Scotland—both BL plants. Back Page

● BRITISH STEEL'S Bilston steelworks, West Midlands, could become the focus of confrontation between the corporation and its biggest union over the industry's national closure plans. Page 7

● BUDGENS supermarket chain is to drop Green Shield trading stamps from all its stores at the end of next month. Page 5

● ENVIRONMENT Department published proposals for expanding the role of local authority direct-labour building departments and improving their efficiency. Page 5

### COMPANIES

● DE BEERS net group profits advanced to a best-ever R374.7m (£223.6m) for the first half. Page 15

● WEDGWOOD first-quarter pre-tax profits rose to £1.68m (£1.67m) on sales of £19.1m (£16.25m). Page 14

# Death of Kenyatta may mean tough succession battle

BY JOHN WORRALL, Nairobi, August 22

**President Jomo Kenyatta, the first and only President of Kenya since its independence from Britain in 1963, died in his sleep early today at his official residence in Mombasa.**

Mr. Daniel Arap Moi, Vice-President since 1967, has taken over temporarily as President until party and then national elections are arranged to choose a permanent successor.

As tributes to the former President, widely acclaimed as a founding father of African nationalism, poured in from all over the world; flags flew at half mast throughout Kenya as Mr. Kenyatta's body was brought to Nairobi for 10 days of official mourning.

The death of President Kenyatta, believed to be in his late eighties, had obviously long been expected, but the shock here is still very great.

found if as yet incalculable effects on Kenya itself. Kenya achieved such overt political stability under Kenyatta that his passing is likely to affect a much wider area.

In East Africa, Kenya's stability has had a key effect in containing regional conflicts, especially in the Horn, where Somalia has long claimed part of northern Kenya.

While Kenya must take its share of the blame for the break-up of the East African community, Kenyatta maintained a delicate balance between Kenya's neighbours, Tanzania and Uganda.

Tributes to President Keynatta came from many British leaders, including Mr. Callaghan, the Prime Minister. Kenya has long been one of Britain's staunchest African allies, partly based on important trading and investment relationships.

### Tough

Mr. Arap Moi, 54, presided over a Cabinet meeting this afternoon at which all Ministers were present with the exception of Mr. Charles Njonjo, the Attorney-General, who is believed to be on his way back to Kenya from Europe.

Constitutionally, Mr. Moi will hold office for 90 days, during which there must be a general election to choose his successor. However, it appeared today that there will first be an election within the ruling and only party, the Kenya African National Union, founded by President Kenyatta.

While it seems certain that Mr. Moi will stand in these elections, and will thus hope to emerge as the party's presidential candidate, observers are predicting a tough contest.

President Kenyatta managed to maintain a political stability which has been the envy of many other African states. But while his own leadership was never seriously challenged, Mr. Moi, as his apparently chosen successor, has been the subject of considerable controversy.

President Kenyatta in recent years had stifled debate about the succession but there have been marked divisions on the issue within the Kenya establishment. Mr. Moi has powerful backers within the Government who include Mr. Charles Njonjo, and Mr. Mwai Kibaki, the Finance Minister.

However, a loose group opposing Mr. Moi is led by Njoroge Mungai, the former Foreign Minister and President Kenyatta's nephew, who is also likely to be a Presidential candidate.

The contest is likely to be complicated by ethnic and personal factors, for although Mr. Moi is from the minority Kalenjin people, his backers are from the main Kenya tribe, the Kikuyu, as is Dr. Mungai.

Added to this possibility of a split within the Kikuyu must be the complications arising out of

Continued on Back Page
Feature Page 12

# Ocean's profits collapse as ship orders drop

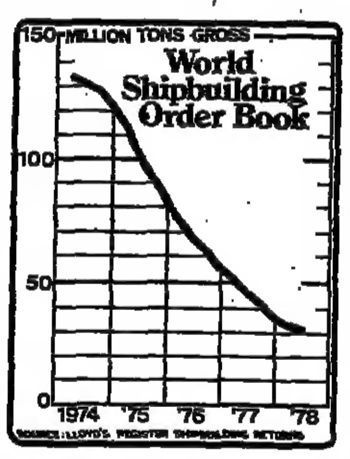
BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE TWIN crises in the shipping and shipbuilding industries were emphasised yesterday as Ocean Transport and Trading reported a spectacular first-half profits collapse and Lloyd's Register figures showed the world shipbuilding order book at its thinnest for 12 years.

Ocean, one of Britain's four largest shipping companies, saw pre-tax profits fall from £26m in the first six months of 1977 to £2.3m in the first half of this year.

Lloyd's Register said that in the three months to June 30, more than twice as many ships were delivered as new orders taken. At present output levels, the industry will exhaust its order book by the end of next year.

British Shipbuilders also published its Arpil-June returns yesterday, showing that the corporation took orders for only three small ships, totalling 2,150 gross tons (grt) in the period, compared with the 203,000 tons booked in the same quarter of last year.




No item in that triple dose of gloom for the two industries was entirely unexpected, but the Lloyd's figures indicate starkly that in spite of a flurry of shipyard bankruptcies round the world this year, the industry faces massive cuts next year.

At the end of June, the world order book stood at 30.5m grt and 47 per cent of the ships on order are to be delivered this year.

During the period reviewed, orders for 1.96m grt of shipping were booked and 4.58m grt delivered.

Only three leading shipbuilding countries, Brazil, Taiwan and Finland, increased their order books last quarter. Japan has 24 per cent of the total orders, followed by the U.S. (10 per cent), Brazil (9.8 per cent), and the UK (5.5 per cent).

British Shipbuilders values its merchant ship order book at £723m, comprising 118 ships of 1.2m grt. That compares with an order book for 110 ships

Continued on Back Page
Ocean Transport figures Page 14
Marathon uncertainty Page 5
Lex Back Page

# U.S. inaction halts dollar recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY of the dollar petered out yesterday in the absence of any further moves by the U.S. Administration to strengthen its currency.

The dollar generally remained at the lower levels reached after sharp declines in late trading in New York on Monday evening.

Rates fluctuated considerably but closing levels for the U.S. currency were down on those in Europe on Monday.

Trading was described as fairly thin and there were no new developments to cause a change in trend.

Foreign exchange dealers are reluctant to take a firm stance. They want to avoid having large exposed short positions against the dollar in case there are new U.S. initiatives, but are still sceptical about the scope for a sustained rally in the absence of any new moves after the rise last week in U.S. short-term interest rates.

The dollar touched a low of DM 1.9875 yesterday, about the same level as the previous close in New York. But there was a small recovery to DM 2.0012½ compared with a finishing level of DM 2.0050 in Europe on Monday.

The U.S. currency also closed slightly weaker on the day in Europe against the Swiss franc, at SwFr 1.6575 compared with SwFr1.6675. The closing rate against the Japanese Yen was Y190.87½ after a low of Y189, compared with Y192.90 previously.


Sterling, however, was weaker than the other major currencies with a gain of only 10 points against the dollar to $1.9295 and a 0.1 fall in the trade-weighted index to 62.2.

The price of gold rose $1 an ounce in the London bullion market to $206⅝ after a peak for the day of $208½.

# Pension funds seek vote on Lyons takeover

BY CHRISTINE MOIR

PENSION FUNDS are likely to force Allied Breweries to consult its shareholders over the proposed acquisition of Lyons and Co., in spite of the company's insistence that consultation is not called for.

The case committee of the National Association of Pension Funds voted yesterday to seek members' support to requisition a special shareholders' meeting at Allied.

Mr. Hugh Jenkins, investment manager of the National Coal Board Staff Superannuation Fund, who is heading the case committee, said last night. "We have decided that our best option is to bring the matter to a democratic vote."

Between them the pension funds represented on the committee have 5 per cent of Allied's shares. The pension funds as a whole own 14 per cent, and there seems little doubt that the 10 per cent of Allied's equity needed to call a compulsory shareholders' meeting can be readily found.

### Legal doubts

The letter to pension fund managers, sent out last night, contained a strongly worded appeal for support based on a legal opinion that Allied had a duty to consult its shareholders as a result of undertakings last year not to change the nature of the business without consultation.

Allied has always argued that the proposed acquisition did not mean a change in its existing business, both because food and drink were associated trades and because the Stock Exchange defined change as one where 25 per cent of assets were diversified into a widely different operation.

The pension funds' legal adviser says that on the basis of "realistic criteria" the acquisition of Lyons is incontrovertibly a substantial change of direction for Allied.

"If a butcher were to acquire a greengrocer, it would be wrong to contend that it was in the same business just because both trades involved food," he suggests.

£ in New York

| — | Aug. 21 | Previous |
|---|---|---|
| Spot | $1.9400-9425 | $1.9435-9475 |
| 1 month | 0.49-0.43 dis | 0.45-0.39 dis |
| 3 months | 1.21-1.15 dis | 1.30-1.24 dis |
| 12 months | 4.40-4.20 dis | 4.60-4.30 dis |

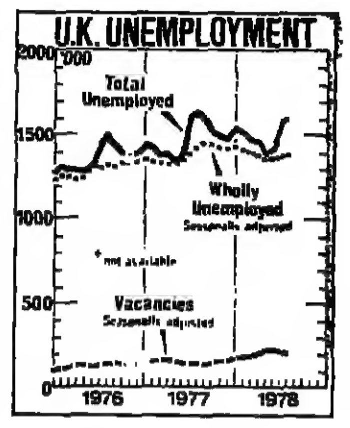
# More jobless but trend still steady

BY DAVID FREUD

ADULT UNEMPLOYMENT has risen sharply this month after the small increase last month. The two rises have wiped out nearly half the improvement in the nine months since September's post-war peak.

Nevertheless, officials remain confident that the underlying trend is still level or falling gently and say that several special factors are at work in the recent rise.

Department of Employment figures show that the number of adults out of work in the UK rose by 20,700 to 1.38m in the month to mid-August, taking seasonal factors into account. The proportion of the workforce unemployed was steady at 5.7 per cent.




### Near peak

This month's rise is more than three times July's 6,600 increase, which ended a nine-month decline in the number of jobless at a monthly average rate of 7,800.

The unemployment total is now only 42,800 short of the post-war high recorded last September, compared with the overall drop of 70,200 established two months ago.

Government officials emphasise, however, that unemployment this month is 18,200 below the same period last year.

Among the special factors contributing to the rise are the greater number of over-18 school-leavers, who are included as adults in the figure. Officials estimate that there are about 10,000 more of these older school-leavers on the register than at this time last year.

The poor summer might have had an effect, with fewer seasonal jobs available than in previous years.

There has also been a rundown in the numbers helped by the Government's job creation and preservation measures. About 192,000 are thought to be kept off the registers this month, compared with 210,000 last month. The drop of 18,000 closely mirrors the increase in the numbers unemployed.

### Holidays

Some of the increases could be due to more people changing jobs—a reflection of the greater economic activity over the last half-year.

This view is reinforced by the increased flows both on to and off the unemployment registers, as well as the flows for vacancies.

A further possibility could be that women leaving jobs in the summer holidays to look after their children.

The rapid increase in women workers over the last five years means that this factor may have not been allowed sufficiently for in the seasonal adjustments. More than two-thirds of the August rise was accounted for by women.

However, it is unlikely that all the increase can be explained away by such factors, especially as the indicator of vacancies also shows a discouraging trend. For the second month running seasonally adjusted vacancies notified to employment offices fell—by 1,700 in August compared with 6,400 in July.

A rise in the number of jobless would be in line with the slight increase for the next 12 months forecast recently by both the Paris-based Organisation for Economic Co-operation and Development and the National Institute of Economic and Social Research, as well as several other independent forecasters.

Mr. James Prior, Tory spokesman on employment, said yesterday that the figures were "appalling." They showed an increase of 990,000 after four and a half years of Labour government:

### 'Worst record'

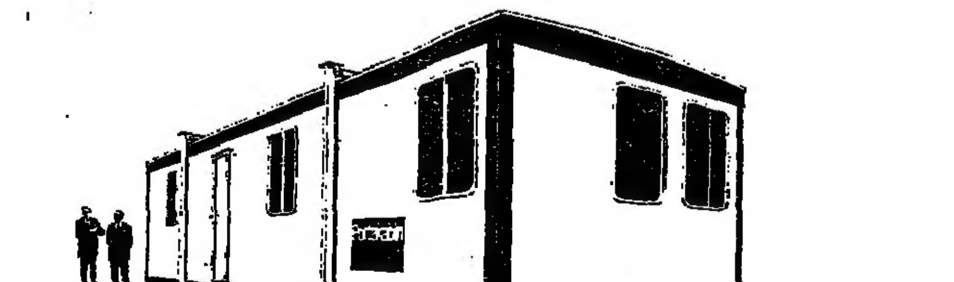
"In effect this means that since Labour's return to office an extra 25 people have been enlisted to the dole queue every hour, an extra 613 every day and an extra 4,200 every week," he said.

"For all the Government's excuses the plain truth is that, under Labour, Britain's performance on unemployment has been worse than that of other comparable major industrial countries."

The unadjusted unemployment total in the UK, including school-leavers, increased in the month to mid-August by 22,505 to 1.61m, from 6.6 to 6.7 per cent of the workforce. The total for Britain rose 21,954 to 1.53m, from 6.5 to 6.6 per cent.

Map, Page 5









## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated).

RISES

| | | |
|---|---|---|
| Excheq. 12pc '99-02 (£55 pd.) | £54½ | + ½ |
| Adwest | 298 | + 10 |
| Assed. Dairies | 265 | + 7 |
| BATs Dfd. | 304 | + 7 |
| Black Arrow | 45 | + 5 |
| Blue Circle | 303 | + 6 |
| Burton A | 104 | + 6 |
| Commercial Union | 160 | + 6 |
| Coral Leisure | 110 | + 6 |
| Dowty | 271 | + 13 |
| Gripperrods | 68 | + 8 |
| IC Gas | 394 | + 18 |
| Inchcape | 390 | + 13 |
| Johnson Matthey | 480 | + 20 |
| Leyland Paint | 85 | + 6 |
| Lucas | 336 | + 10 |
| Perry (H.) | 127 | + 8 |
| Powell Duffryn | 216 | + 7 |
| Preedy (A.) | 85 | + 6 |
| Racal | 344 | + 14 |
| Rank Organ. | 272 | + 12 |
| Restmor | 175 | + 18 |
| Sainsbury (J.) | 235 | + 8 |
| Sedgwick Forbes | 475 | + 13 |
| Stanley (A. G.) | 160 | + 12 |
| Sunley (B.) | 278 | + 8 |
| Thomson Org. | 270 | + 11 |
| Tube Invs. | 436 | + 10 |
| United Scientific | 384 | + 17 |
| Wholesale Fittings | 226 | + 14 |
| De Beers Dfd. | 453 | + 13 |
| Vaal Reefs | £15½ | + 1 |
| Ventersposf | 238 | + 13 |
| West Drie. | £24¼ | + ¼ |

FALLS

| | | |
|---|---|---|
| Blogden and Noakes | 263 | − 7 |
| Brown (J.) | 478 | − 10 |
| HK and Shanghai | 340 | − 16 |
| Haoma Gold | 63 | − 4 |
| Jardine Matheson | 273 | − 20 |
| Tanganyika | 173 | − 5 |

## CONTENTS OF TODAY'S ISSUE



## FEATURES



For latest Share Index 'phone 01-246 8026

# S. Africa lowers bank rate to aid economic recovery

BY BERNARD SIMON

JOHANNESBURG, August 22.

IN A MOVE to sustain the gradual recovery of the South African economy, the governor of the Reserve Bank, Dr. T. W. de Jongh, today announced a cut in bank rate from 9 per cent to 8.5 per cent.

The reduction in bank rate—which reflects the recent fall in interest rates—is the first since March 1973, and is expected to be followed soon by a lowering of the commercial banks' prime overdraft rate, currently at 12.5 per cent.

Dr. de Jongh also announced a slight easing in bank's liquid asset requirements, with special concessions being made to the smaller banks which have come under considerable pressure in recent years. Contrary to genearl expectations, however, the Governor has not sanctioned any relaxation of the ceilings on bank lending.

Addressing the Reserve Bank's annual general meeting in Pretoria, Dr. de Jongh warned of the dangers of excessive stimulation of the economy. "The sluggishness in economic conditions in most of the industrialised countries with which South Africa trades, and the weakness of the capital account of the balance of payments impels us to act cautiously in stimulating the economy," Dr. de Jongh said.

He added that "an over-rapid revival would rapidly cause balance of payments problems again and excessive monetary stimulation would undoubtedly kindle inflationary pressures at this stage."

Dr. de Jongh stressed that the capital account of the balance of payments "remains one of the most important bottlenecks in the economy." Figures released yesterday by the Reserve Bank show that the outflow of capital from South Africa is continuing.

In the year to June 30, the net outflow of capital totalled R1,064m, compared with inflows of R33m and R1,664m in the two previous 12-month periods. The bulk of the outflow (R833m) was accounted for by a drain of short-term capital not related to borrowing for reserves. During the second quarter of 1978, these outflows amounted to around R300m, compared to the record of R342m in the first quarter.

Dr. de Jongh said that the adverse capital movements were related "to the decrease in foreign financing of imports as well as political developments in Southern Africa." As long as the net outflow of funds continues, he warned, "the authorities will have to ensure that a surplus is maintained on the current account." With South Africa's high import propensity, this means that the Government's ability to reflate the economy further, is limited.

Thanks largely to a 31 per cent increase in receipts from gold sales and higher exports of coal, iron ore, maize, fruit, diamonds and uranium, the current account moved from a seasonally adjusted annual deficit of R2,545m in the first quarter of 1976 to surpluses of R1,258m in January-March 1978 and R1,098m in the second quarter of this year.

Dr. de Jongh also noted that domestic economic activity has "accelerated moderately" since the end of last year. During the first half of 1978 real gross domestic product rose at an annual rate of about 3.5 per cent, compared with a drop of 0.5 per cent during the second half of last year. The upswing is mainly accounted for by increases in factory output and in wholesale and retail sales.

Since a substantial amount of the increased demand during January-June this year was prompted by anticipatory buying ahead of the general sales tax introduced last month, it is expected that consumer spending may taper off in coming months. However, the replenishment of inventories, which have fallen for ten successive quarters, could lead to higher domestic demand.

# Saudis give assurance to PLO on Camp David talks

BY IHSAN HIJAZI

BEIRUT, August 22.

SAUDI ARABIA has assured the Palestine Liberation Organisation that President Anwar Sadat of Egypt will not conclude a separate peace with Israel at the projected Camp David summit conference on the Middle East on September 5.

According to Arab diplomatic sources the assurances were given at a meeting in the Saudi summer resort of Taif yesterday between King Khalid and the PLO's chairman, Yasir Arafat. Riyadh Radio said that Crown Prince Fahd attended the meeting but gave no details.

The talks, observers noted, were in advance of a meeting in Damascus today of the PLO's policy-making body, the 55-member Palestine Central Council (PCC).

The PCC is expected to consider plans for inter-guerrilla unity and review Middle East developments in light of the planned Camp David summit of President Carter, Mr. Sadat and Israeli Prime Minister Menahem Begin.

The main guerrilla group, el-Fatah, headed by Mr. Arafat, has submitted its own plan for Pallestinian unity. The plan indicated a toughening of the moderate stand by Fatah regarding a Middle East settlement.

The plan upheld armed struggle as the only means of dealing with Israel, condemned the continuation of the Sadat initiative and even hinted that action should be taken against American interests in the Middle East because of what it called Washington's continuous support of Israel.

Observers said Fatah was trying to meet the militant "rejection front" half way to bring about inter-Palestinian unity. The rejectionists, are strongly opposed to any form of settlement with the Israelis.

Saudi officials reportedly pointed out the summit will be the final phase in the Sadat initiative as well as Israel's last chance. If it fails, the U.S. will take the blame and not President Sadat, after which Saudi Arabia can resume its efforts to close Arab ranks and formulate a common Arab strategy towards Israel. From a Saudi point of view, the sources added, the only success the summit can produce must be in the form of an Israeli agreement to withdraw from occupied Arab territory.

Crown Prince Fahd, who visited a number of Arab capitals recently, has emphasised that Mr. Sadat assured him in no uncertain terms that Egypt will not conclude a bilateral peace treaty with Israel.

"Under no circumstance will Saudi Arabia tolerate a bilateral Egyptian - Israel deal." Arab diplomats said and noted that Saudi economic and financial aid to Egypt is such that President Sadat cannot afford to ignore or underestimate Saudi opposition to an Egyptian separate peace.

Louis Fares adds from Damascus: The "rejection front" organisations have announced that they will not attend tonight's PCC meeting, "since nothing so far justifies ending our boycott of the PLO meetings," a spokesman for the front said today. Thus, the fundamental issue of the meeting seems jeopardised even before it starts.

The "rejection front" condition for their participation is that the PLO announces its opposition to any negotiated solution with Israel even on the basis of UN resolution 242. Mr. Arafat, who is expected back from Saudi Arabia to attend the meeting, is said to be willing to propose that the PLO Executive Committee be enlarged with the participation of representatives of all Palestinian movements.

# Ex-chief of Rennies in hospital

BY RICHARD ROLFE

JOHANNESBURG, August 22.

MR. GORDON RENNE, one of South Africa's best-known business personalities, was taken to hospital last night. He was given bloor transfusions in the intensive care unit of a Johannesburg hospital.

Mr. Rennie, 60, retired as chairman of Rennies Consolidated in 1975 and is currently President. His retirement followed the acquisition of control by Jardine Matheson, which holds 53 per cent of Rennies' shares.

Mr. Rennie is the great grandson of John T. Rennie, the Scotsman who founded the company as a shipping enterprise in 1857. In recent years he has become well known in yachting circles. His yacht Dabulamanzi, based in the Seychelles, has entered various races including the Cape to Rio.

Six senior executives of Rennies are assisting police and Reserve Bank investigators with their inquiries into an alleged conspiracy to bypass the local Exchange Control regulations.

Mr. Charles Fiddian-Green, chairman of Rennies, said last night: "I think the whole thing is a tragedy which has been taken totally out of context.

"We do not believe that the company has contravened any exchange control regulations."

He said that Mr. Rennie was extremely ill for a considerable portion of last year "It is obvious that he was unable to cope with the great strain of the past few weeks."

Rennies' earnings Page 17

# Labor attacks Australian budget

By Laurie Oakes

CANBERRA, August 22.

The Labor opposition tonight proposed an alternative budget strategy for Australia involving modest expansion aimed at reducing unemployment by fifty thousand.

The opposition leader, Mr. William Hayden, said the Labor alternative would inject A\$450m into housing and capital works to overcome a pressing need and create more jobs.

Under the Labor proposals, most of the direct and indirect tax rises contained in the Australian budget for 1978-79 would be abandoned.

To make up revenue forgone in this way, Labor would introduce a resource tax to cream off excessive profits of some mining companies and a capital gains tax which would affect "the massive unearned capital gains of the wealthy."

Mr. Hayden said Labor would also terminate the Liberal government's 20 per cent investment allowance which the party regarded as "a handout to big business at a time of high unemployment and depressed economic activity."

A Labor government would save money by not proceeding with the budget proposal for A\$20m expenditure on development of the Ranger Uranium project in the northern territory.

In his speech replying to the budget announced a week ago by the treasurer, Mr. John Howard, Mr. Hayden told parliament the government "misconceived" Australia's economic problems and was using the wrong mix of policies.

The private sector was being "crushed into the ground." The government ran the very grave risk of causing serious long-term damage to the growth potential of the Australian economy.

Mr. Hayden said the government should abandon the 12½ per cent special tariff imposed in the budget on certain imports subject to quota, and replace it with a system under which consolidated revenue got a share of windfall profits through the auctioning of import quotas.

As well as a resources tax, he proposed a levy to absorb windfall profits on crude oil production brought about by the move to import parity prices for Australian crude. These measures would reduce pressures on the balance of payments by slowing outflows of repatriated profits, Mr. Hayden said.

# Japan-Canada nuclear accord to strengthen safeguards

BY ROBERT WOOD

TOKYO, August 22.

JAPAN AND Canada today signed a protocol strengthening controls over Canadian-supplied nuclear energy materials.

This is the first final agreement Canada has reached with any nuclear customer since it tightened its controls over nuclear exports following the Indian nuclear test in 1974.

India's nuclear explosion was believed to have been produced with plutonium from a Canadian research reactor.

Canada placed embargoes on exports of nuclear material to Japan and Europe at the beginning of 1977, when negotiations on safeguards took longer than it had expected.

These were lifted early this year, when Canada reached tentative agreements with Japan and the European Community.

That with the EEC runs until a year after the completion of the International Nuclear Fuel Cycle Evaluation Programme, a joint nuclear safeguards programme currently being undertaken by all the developed countries.

A Canadian official said Canada had no doubt that the Japanese intended to use Canadian nuclear materials for peaceful purposes, but that it had to treat all nuclear customers alike and therefore had to seek tight safeguard agreements with all.

"The agreement we have signed today sets a new standard to which we hope all other nations will conform," said Mr. Jack Horner, the Canadian Minister of Industry, Trade and Commerce, who signed the pact for Canada.

"The negotiations were long and complex not because there was any difference of policy, but because we were attempting to establish in treaty form new and complex provisions to ensure the controls we both agreed were necessary."

In the agreement, Japan promises not to transfer to a third party any equipment, materials, or information received from the Canadians without Canadian permission.

Both sides promise not to use any provision of the treaty for commercial advantage. The Japanese pledge not to enrich any Canadian uranium so that it contains more than 20 per cent fissionable uranium-235.

Canada's nuclear exports to Japan consist primarily of uranium, which is shipped via the United States, where it is enriched. Mr. Horner is seeking to promote the sale of Canadian-made heavy-water reactors on this trip, but he received no firm assurances on this subject from the Japanese.

# Aircraft contract signed

JAPAN'S Toa domestic airlines has signed an \$85m (£44m) contract with McDonnell Douglas to buy five DC-9-80 passenger jets, Reuter reports from Tokyo. The company plans to put them into flight operations from 1980.

Japan's Civil Air Transport corporation will sign a contract in mid-September with Boeing to participate in the development and manufacture of two medium-range jetliners.

The corporation was set up by three domestic aircraft manufacturers — Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries.

# Debate on Desai's son refused

NEW DELHI, August 22.

THE SPEAKER of the Indian Parliament, Mr. K. S. Hegde, said today that there was no evidence that Prime Minister Morarji Desai's son Kanti acted illegally in collecting funds for the ruling Janata party.

Opposition legislators protested noisily when Mr. Hegde ruled out a bid for a Parliamentary debate on a recent statement on the matter by Mr. C. B. Gupta, Janata party treasurer.

Mr. Gupta said on Friday that he had been compelled to accept Mr. Kanti Desai's help in collecting party funds at the time of the last state assembly elections because party leaders were collecting only for their own groups.

He said that Rs 9m (\$1.1m) collected by Mr. Desai were fully accounted for and the accounts were audited. He said that he saw nothing wrong in having Mr. Kanti Desai's help.

Today, Mr. Hegde said that there was no evidence that Mr. Kanti Desai had used Governmental machinery to collect funds, nor did reports show that he had acted illegally in the matter.

Reuter

# Rhodesian ministers rebuffed

SALISBURY, August 22.

THE RHODESIAN Government's campaign to win black support for its internal settlement agreement was dealt its most embarrassing rebuff to date when no-one showed up for a meeting to discuss the accord.

Only a stray cow wandered in front of rows of empty seats on a football field about 30 miles south-east of Salisbury when three ministers in the transitional government arrived to speak yesterday.

The Ministers — Mr. Hilary Squires, a white, and Mr. Ernest Bulle and Mr. Aaron Mgutshini, both blacks,—waited in vain for an hour for the audience to appear.

The agreement setting up the transitional government to prepare for black majority rule was signed by Mr. Ian Smith, the then Rhodesian Prime Minister, and three black nationalist leaders on March 3.

Since then, the Government has been waging a strenuous campaign to put the accord across to Rhodesia's 6.8m blacks 80 per cent of whom live in the countryside.

The campaign is seen in government quarters as vital to its efforts to win domestic and international support in the teeth of an armed onslaught by guerrillas of the Patriotic Front alliance.

The transitional government has promised one-man, one-vote elections in four months, and a respectable turnout is vital if there is to be any hope of persuading the international community of the acceptability of the elections.

The campaign, carried out mainly by the nine white and black members of the coalition's second-tier ministerial council, has been having a difficult time.

A meeting held by four black ministers in the Inyanga border area with Mozambique on August 14 began with an audience of 2,500. Only 200 stayed until the end.

Another meeting in the Wankie area of western Rhodesia at the same time was abandoned when only seven people turned up. There are 13,000 black mineworkers in the region.

Two other ministerial council meetings were held yesterday. The white-orientated Herald newspaper reported today that the audiences were polite but small and unenthusiastic. At one, 600 blacks ignored seats next to the platform and squatted beside a football pitch some distance away.

Some local officials have blamed the poor turnouts on intimidation by guerrillas. Others have attributed them to apathy.

After the meeting in the Chiota tribal trust land, yesterday, a local police officer remarked: "They should have put on a bit of native music and supplied a drum of Chibuku (beer)—that would have brought them out all right."

Mr. Bulle, joint Minister of Finance and one of the three disappointed speakers, is a top member of Bishop Abel Muzorewa's United African National Council (UANC), generally regarded as the most popular of the three nationalist parties in the coalition.

Mr. David Mukome, a spokesman for the UANC, said today that some villagers might be reluctant to attend meetings until the Government implemented more parts of the majority rule agreement.

Reuter

# How smashing the Gang of Four brings enlightenment to a tractor factory

BY DAVID HOUSEGO, RECENTLY IN CANTON

OUTPUT FROM the Farm Machine Repairing and Manufacturing Factory of Canton Suburbs —the Chinese have a knack for choosing unforgettable names—is running at about 35 per cent below capacity.

The factory turned out 3,500 mini-tractors last year which was 11 per cent more than in 1976—the year of political upheaval after the death of Chairman Mao —but only just up to the level of 1975. Production in the first half of this year is said to have been 5 per cent above that in the same period last year, and it is claimed that quality is improving. But demand for tractors in the Canton area far outstrips supply, so that the factory could easily sell its maximum output and more.

This Canton factory exemplifies some of the reasons why China is finding it so hard—and will certainly find it harder—to achieve the rates of growth needed to fulfil her ambitions of becoming a major industrial power.

The factory has a captive market amongst communes close to Canton. Its mini-tractor is a versatile piece of machinery, that can plough in muddy rice fields, draw heavy loads, or pump water. Even by Chinese standards, however, it looks as though it has been crudely bolted together, as though from a life size Meccano set. Apparently commune members have complained of the number of times it breaks down, while the factory feels that the upkeep by the communes is poor.

Mr. Fung Pang-chu, Vice-Director of the factory, says himself that both production and productivity—there is a workforce of 550—are low. The reason he gives is that the plant's technology is backward. In line with China's emphasis on self-reliance virtually all of the machine tools are Chinese-made (though often of Soviet design) and many have been built within the factory.

Mr. Fung says that it is only since the "Smashing of the Gang of Four" that the Chinese people have come to hear of the advanced techniques for tractor production used in the West, and

> **An important factor in holding back production are the power cuts which are frequent in Canton, as in most cities in China where the electricity supply is inadequate and irregular.**

that China must draw on these methods. But it is clear that the process is going to be a long one.

There are no plans at the moment for bringing in new equipment from abroad, nor does the continuing emphasis that Mr. Fung puts on self-reliance suggest that this is likely soon. One of the most recent purchases of what Mr. Fung calls "preliminary semi-automatic automation" is rotating equipment for paint spraying. But though this is an advance on spraying each casting by hand, the metal blocks are still laboriously hooked on by hand to an overhead conveyor belt.

As important a factor in holding back production are the power cuts which are as common in Canton as in most cities in China. Electricity supply is inadequate and irregular. The factory has a high frequency heat treatment plant, but it can only be used at night when electricity demand is low. Otherwise the steel toothed discs for the gearbox are hardened in crude stoves sunk into the ground. Shortages of raw materials—particularly steel—also produce bottlenecks.

In contrast to Peking's new emphasis on incentives, Mr. Fung does not seem to set much store by bonuses as a means of increasing productivity. The factory however is not a state enterprise, but under the district government. This probably allows for greater flexibility in interpreting policy.

Thus Mr. Fung, who got his job in 1968 during the Cultural Revolution and has held on to it in spite of the numerous power struggles in the country since, puts more emphasis on making the workforce more conscious of the need for modernisation.

A 10-12 per cent average bonus payment is under discussion, he explains, but not everybody would receive this amount. Larger bonuses would be paid to those workers who had suggested a technical innovation or made some other extraordinary contribution. But Mr. Fung leaves some doubt as to when and to who bonuses will be distributed. "We do not rely on bonuses or other incentives to increase productivity," he says. "We are looking to other means."

Changes in the methods of management Peking has been anxious to promote seem to have been equally slow in trickling down to the factory. Though the Revolutionary Committee — created during the Cultural Revolution as the main instrument of administering the factory—has been abolished, the change seems to be in title alone. Mr. Fung now calls himself a vice-director of the factory instead of vice-chairman of its Revolutionary Committee.

He only partially supports the greater specialisation in production advocated by the new leadership. The factory, he says, will continue to make its own machine tools. The advantage of such flexibility — though Mr. Fung does not spell it out — is that the factory will not be so dependent on uncertain deliveries from outside.

With production lagging, Mr. Fung says that the main objective is to improve quality. The plant looks busier than many and there are few signs of people standing around with nothing to do. It is not a show piece factory and visitors are rare.

But the factory's combination of poorly designed machinery, shortages of power and raw materials, and officials wary of new policies being promoted in Peking is a pattern echoed in numerous factories throughout China. Making inroads into the system is going to be no easy task.

# AMERICAN NEWS

## Ford plans to recall Pintos in safety move

By John Wyles

NEW YORK, August 22.

RECALL NOTICES covering some 1.5m Ford Pinto cars will be sent out within the next few days following the National Highway Traffic Safety Administration's agreement to proposed safety modifications which could cost the Ford Motor Company up to $45m.

Ford announced that it would recall the cars on June 9 in a move which forestalled public hearings on an alleged fire hazard if the Pinto and its twin, the Mercury Bobcat, are hit in the rear.

The safety of the cars has been in dispute for some time and earlier this year a Southern California jury awarded $125m in punitive damages to a young man who was badly burned in a collision involving a Pinto.

A judge later reduced the award to $3.5m.

Tests carried out by Ford last week have now apparently convinced the National Highways Traffic Safety Administration of the adequacy of the company's proposal to place two polyethylene shields between the Pinto's fuel tank and its differential.

If all of the 1971-1976 models still in use were to be presented for modification, Ford has said that the cost would be between $20 and $30 a car adding up to a total of between $30m and $45m.

Ford has continually denied that the Pinto is any more hazardous than other small cars manufactured during the same periods but it recognises that the risks of fuel leaked could be reduced significantly.

Inital investigations by the safety agency had shown that in tests at 30 and 35 miles an hour, Pinto fuel tanks consistently sustained damage and two fires from fuel spillage occurred when Pintos were hit by full-sized vehicles travelling at 35 miles an hour.

Meanwhile, consumers champion, Ralph Nader, yesterday accused Ford of deliberately delaying the recall of the Pintos in an effort to reduce the numbers of cars involved. In a letter to Mr. Henry Ford, the company's chairman, Mr. Nader accused Ford of trying to persuade the safety agency to accept "a cheap technical fix for the hazardous fuel tank design that will not meet minimum safety precautions."

### Vesco set-back

The Supreme Tribunal of Elections in Costa Rica has denied an application for citizenship by Mr. Robert Vesco, the fugitive U.S. financier, AP-DJ reports from San José. The decision ended Mr. Vesco's last chance to obtain naturalisation in the country where he had been based since 1972. He is reported to be on a business trip to the Bahamas and Grenada.

## Emergency declared in Peru mine areas as strikers hold out

BY OUR OWN CORRESPONDENT

LIMA, August 22.

THE PERUVIAN military Government has declared a state of emergency in the main mining centres where miners have been on strike since August 4.

The move follows a further rejection by the unions of Government offers. The unions are holding out for the re-hiring of more than 300 miners dismissed after strikes over the past year.

The country derives some 70 per cent of its foreign exchange earnings from the export of mining output—copper, zinc, silver and other metals. With the national economy in a critical condition, due to the high level of indebtedness to foreign banks and other financial institutions, the loss of earnings from the mining sector is particularly damaging to the Government's effort to reduce the budget deficit.

The country is losing, because of the strike, some $1m per day, according to the chairman of the private Southern Peru Copper Corporation, Mr. Frank Archibald. The SPCC operates the huge Cuajone and Toquepala copper mines in the far south of the country, and has a difficult schedule of re-payments to foreign creditors to maintain.

The International Monetary Fund has made budget reduction one of the conditions under which it would make available to Peru a stand-by credit. The fund is now passing the recently completed arrangements for the credit through its internal ratification process.

It is thought here that, if as expected the IMF ratifies the credit, foreign commercial banks will allow Peru to re-schedule its debts to them, thus giving the Government's new financial team a breathing space in which to effect savings in public expenditure and imports.

Areas declared to be in emergency include, the provinces of Pasco and Yaulu where the state-owned Centromin mines are, the district of Marcona where Hierroperu has an iron ore mine, and the city of Ilo where the SPCC smelter is. The district of Ilabaya, containing the Toquepala mine, has also been declared in emergency.

Strikers were joined on August 21, by workers at the state-owned Cerro Verde copper mine, leaving the SPCC Cuajone mine as the only big Peruvian copper mine still in operation. Cuajone workers are not unionised, although they have now begun procedures to start a union.

The Ilo refinery, which produces 180,000 tons of copper per year, is operating at less than half capacity and is expected to come to a halt by the end of the month.

The government is now putting losses at $2.5m a day, although mining managers say they will only be able to assess the situation fully when the strike is over.

## Help for services exports

BY DAVID LASCELLES

NEW YORK, August 22.

REFLECTING GROWING concern with the need to export, the U.S. Commerce Department has set up an office to help U.S. service industries sell and opearte abroad. The services sector is among the fastest-growing part of U.S. exports, and there has been an increased demand for Government assistance.

The broad aim of the office will be to guide companies through foreign regulations and improve the flow of information. It will concentrate on foreign laws and other factors that are likely to affect exporters, both those who operate abroad and those who sell their services from this country.

U.S. exports of services rose by nearly a third last year to $4.5bn, mainly on the basis of computer services, transport, legal services, insurance, engineering, architecture, advertising, leasing and franchising, accounting, tourism, and management consultancy.

## Mostek-Inmos hearing postponed

BY OUR OWN CORRESPONDENT

NEW YORK, Aug. 22.

A FULL hearing has been postponed to August 31 of Mostek Corporation's bid to prevent five of its former employees from passing alleged trade secrets to Inmos, the micro-processor company sponsored by the British National Enterprise Board.

Mostek was granted a preliminary injunction against former employees on August 10, pending a full hearing yesterday. However, the federal district judge who was due to hear the case in Dallas passed the litigation to a fellow judge, who yesterday held another initial hearing and extended the injunction to the last day of the month.

AMERICAN COMPANY NEWS

Setback for Firestone Tire; Dome buys stake in Siebens; Another big loss for Chase REIT—Page 16

## U-2s to watch Soviet tank build-up

By David Buchan

WASHINGTON, August 22.

THE U.S. Administration plans to build some 25 modernised versions of the old U-2 spy aircraft in the early 1980s, to improve the monitoring of the Soviet tank build-up in Eastern Europe.

Defence Department officials said today that the total cost of the programme would be $550m, with the 25 aircraft, to be known as the TR-1, to cost $300m. Electronic sensors and spare parts are to account for the rest. An initial $10m is included in the 1979 defence budget so that Lockheed, which built the U-2, can re-open its production line.

The U-2, which first came into service in the 1950s, became notorious when Mr. Francis Gary Powers was shot down over the Soviet Union on a U-2 reconnaissance flight in 1960, an event which severely strained Soviet-U.S. relations. Also used during the Cuban missile crisis, U-2s are still in operation, mainly for reconnaissance in the Middle East.

Given the relative vulnerability of the TR-1, like the U-2 before it, to missile attack, it is not expected that the aircraft will be flown directly over eastern Europe.

## Japan publishes Salvador kidnap manifesto

TOKYO, August 22.

TWO JAPANESE mass-circulation newspapers and the Kyodo news agency today published a lengthy political statement by an El Salvador guerrilla group which is holding a kidnapped Swedish businessman.

Publication of the manifesto in the Yomiuri Shimbun and the Mainichi Shimbun, with a combined circulation of about 11.5m, was a condition for the release of Mr. Kjell Bjoerk, the Swedish embassy here said.

The left-wing National Resistance Armed Forces guerrilla group kidnapped Mr. Bjoerk, director of the Ericsson subsidiary in El Salvador, on August 14.

Kyodo said the guerrilla group demanded publication of the manifesto in seven countries, including Japan and Sweden, as a first condition for releasing Mr. Bjoerk.

The manifesto was also published in Spanish, today in the Swedish daily Dagers Nyheter.

The manifesto attacked the El Salvador Government of Gen. Carlos Romero for "ever-hardening suppression" which the people must endure.

The group warned that it would continue taking counter-measures against transnational companies as long as suppression continued.

Reuter

# WORLD TRADE NEWS

## Japan expected to triple exports to China by 1980

BY ROBERT WOOD

TOKYO, August 22.

THE Yamaichi Research Institute predicts that Japan's exports to China will nearly triple by 1980 and that they may produce a "China boom" in Japan's economy.

The Institute, an affiliate of Yamaichi Securities, said that in the wake of the Japan-China Friendship Treaty signed this month, Japan can replace the European Community as China's main supplier of industrial products. The EEC supplied 58.4 per cent of China's plant and equipment imports from 1972-76 while Japan supplied 32.7 per cent, the report said.

The electric power industry, for example, was reported today to have told Mr. Toshio Komoto, Minister of International Trade and Industry, that it had no plans to comply with his request that power companies dramatically increase imports of Chinese oil. The power companies use Indonesian oil that is similar in quality to the Chinese, but they already have adequate supplies from Indonesia, and the International Energy Agency has urged them not to build any more oil-fired power plants. The ban on oil-fired power plants is part of a world-wide campaign to shift to more plentiful fuels like coal and uranium.

Mr. Komoto wants Japan to import 50m tons of Chinese oil a year by 1985. Japan imported 6.6m tons last year and would import 15m tons a year by 1982 based on already existing plans, the Yamaichi's report indicated. Japan's total oil imports were about 280m tons last year.

Japan's exports to China will rise from $1.94bn last year to at least $5.4bn in 1980, the report projected. They could rise by an additional $3bn or $4bn a year if Japan dramatically increases its purchases of Chinese oil. Lack of foreign exchange is a major barrier to further Chinese imports.

The report said exports of industrial plants and steel—the main goods the Chinese want to buy—are especially helpful to Japan's economy because their "multiplier effect" is high. The money Japanese exporters would spend in producing the goods would create substantial related demand in such sectors as machinery, metals, and commerce.

In this way plant and equipment exports worth Y100m would produce Y229m worth of total demand in the economy, the report claimed. Similarly steel exports worth Y100m would produce Y331m worth of total demand. By contrast, Y100m worth of public works spending, the usual device for stimulating the economy, produces only Y220m in total domestic demand, the report said.

Japan would like to increase oil imports from China, but Chinese oil is too heavy for most existing Japanese refineries and the Japanese are reluctant to displace existing Indonesian and Middle Eastern suppliers.

Imports of Chinese oil might require investments of as much as Y1,800bn ($10bn) in new refinery facilities to process the heavy oil, the institute's report said. But it pointed out that such investments would further stimulate the economy in addition to the stimulus that the exports to China would produce.

The report goes on to say that until recently European exporters had outsold the Japanese in China because they were able to offer package deals including arms exports, and did not observe the international guidelines on export financing terms. In addition, the Chinese had shown great interest in studying European technology.

Recently, however, the Chinese have shown more interest in Japanese technology, and Mr. Komoto, the Minister of International Trade and Industry, is travelling to Peking next month, leaving on September 11 for a five-day visit to discuss increased economic co-operation and to work out financing for exports to China.

● Toshiba and Hitachi have signed a Y10bn agreement in Peking to sell an integrated circuit assembly plant to China, subject to approval by COCOM, the Paris-based co-ordinating committee for Communist trade. Under the agreement, Toshiba-designed integrated circuits for use in manufacturing colour television sets would be exported to China for assembly in the new plant, a Toshiba spokesman said. He estimated it will take at least six months, or possibly even a year, for COCOM to make a decision on the deal.

But he said the two Japanese companies are hopeful of winning approval, partly on the grounds that the committee allowed the sale of a similar plant by Fairchild Camera and Instrument to Hungary about two years ago.

A FOUR-man delegation from the Export-Import Bank of Japan, led by bank vice-president Mr. Susumu Nakamura, has left Tokyo for Peking for talks with Bank of China officials on Sino-Japanese financial cooperation, Reuter reports. The delegation is expected to suggest deposits be made with the Bank of China by Japanese commercial banks, and to offer low-interest Export-Import Bank loans to help finance Chinese development projects.

## GM tries direct sales in Europe

BY CHARLOTTE HAWTIN

FRANKFURT, August 22.

GENERAL MOTORS Corporation is testing the European market response to direct imports of American cars specially equipped to satisfy European regulations.

Though rather shy about declaring the intent of this exercise, GM concedes that the reception of the Chevrolet Camaro and the Chevrolet Malibu Classic has been very good—in fact, one industry source states that GM sold out its special series Camaro immediately.

A GM spokesman in Antwerp said that the group had brought the two models to Europe to draw consumers to the showroom to take a first hand look at the latest models of the world's biggest car manufacturer.

Although GM is keeping quiet about it, some observers here believe that it could be a prelude to a major U.S. assault on the "up market" section of the European car market.

The GM spokesman said that the decline in the dollar and the now comparatively low U.S. cost of labour had led GM to think that Europeans may be interested in driving American cars.

American cars have undergone big changes in recent years. The need to comply with regulations on fuel consumption and emission control has resulted in smaller, lighter cars. Though still very much American in terms of styling and accessories, the new look of its standard cars, GM believes, will appeal to Europeans.

Starting from a small base, GM has raised its sales of directly imported cars by 30 per cent in the past three years. Its projected sales this year total 20,000 cars and by next year it expects another 30 per cent rise in sales to 26,000 autos.

Dr. Guenter Gerlach, of GM Overseas, Detroit, said that the best sellers with 41 per cent share are the Chevrolet Malibu and Oldsmobile Cutlass, followed by Chevrolet Camaro and Pontiac Firebird Transam, which have 21 per cent of sales.

A special series car such as the Camaro sells for DM17,700 ($8,850) in Germany. The specific markets that GM is attacking with the new American car are Germany, Belgium, Switzerland, and to some extent Sweden.

Dr. Gerlach said that with the dollar dropping, GM had reduced prices in Europe twice this year, by 3 per cent and then by 4.4 per cent.

The very price competitive Camaro and Malibu must be causing some interest in Stuttgart and Munich where potential buyers of BMWs and Mercedes often experience long waits for their new cars.

## Yen rise hits steel shipments

TOKYO, August 22.

JAPANESE steel products have been losing their export competitiveness following the sharp yen appreciation against the dollar, the Japan Iron and Steel Exporters Association said.

The association estimates Japan's steel exports in July were about 2.6m tonnes, down about 20 per cent from 3.29m in July last year.

Exports to the U.S., the biggest customer for Japanese steel, have been hit hardest. The recent yen appreciation will raise U.S. "trigger" prices for the January-March quarter of 1979 by more than 10 per cent from the preceding October to December quarter, the association added.

The trigger price system is designed to stop foreign producers from trying to unload excess steel in the U.S. at prices below cost.

The U.S. department revises the trigger price every quarter based on Japanese steel production costs and an average dollar-yen exchange rate for the preceding two months, the association said.

The trigger price for the April-June quarter of this year was based on the exchange rate of Y240 to the dollar, the July-September quarter on Y226, and the October-December quarter on Y215.

The exchange rate for the January-March quarter of 1979 is estimated at around Y190 to the dollar, it added.

Steel industry sources said if the trigger prices for the January-March quarter rise by more than 10 per cent, prices of some Japanese steel goods will exceed those of U.S. manufacturers.

The market share for Japanese steel goods in the U.S. in the first half of this year fell to 32.2 per cent from 48.7 per cent in the same period of last year, they said.

● NIPPON Steel is reported to be considering the establishment of a company to export technology for the construction and operation of steel mills. It could be the first such venture for Nippon Steel and would be designed to offset declining steel shipments abroad.

But Nippon Steel officials said that although it was possible that such a venture would be considered it was not currently under consideration.

Reuter

## Mitsubishi in Lockheed deal

TOKYO, August 22.

MITSUBISHI CORPORATION will formally sign a sales agency contract with the Lockheed Corporation next month for the sale of P3C Orion anti-submarine planes in Japan, Mitsubishi said.

The two companies have reached a basic agreement following an approach to Mitsubishi from Lockheed.

Japan's parliament last April approved the Government's plan to introduce 45 Orions for the navy defence force to increase its anti-submarine capability over the next 11 years.

● Japan's TOA Domestic Airlines (TDA) said it has signed an $85m contract with McDonnell Douglas to buy five DC-9-80 passenger jets.

Reuter

### Saudi oil decline

Saudi Arabia's exports of crude oil in July fell by almost 3 per cent to an average of 6.75m barrels a day compared with June the official Saudi Press agency said. Average daily exports in June were 6.9m barrels. Both figures are below the 8.5m barrels a day ceiling for oil production this year set by Saudi Arabia.

Reuter

## Babcock plant for Ukraine

By Jonathan Carr

BONN, August 22.

BABCOCK-BSH, part of the Deutsche Babcock engineering group, has won a DM 15m order from the Soviet Union for a plant to dry chemical gypsum—a process used to improve the quality of soil fertiliser.

The plant will be set up in the Ukraine about 150 km from Kharkov. Delivery of machinery will start in 1980 and should be completed at the start of the following year.

## Gullick Dobson contract

BY RHYS DAVID

GULLICK DOBSON, International, the Wigan-based mining machinery manufacturer, has won an order worth approximately A$5m (approx £3m) to supply underground mining equipment to the Angus Place Mine in Australia.

The company is acting as principal suppliers for a consortium of British mining equipment manufacturers, and the equipment being supplied represents the latest technology in roof supports, coal winning machines, conveying and communication equipment.

The order is for a fully mechanised longwall retreating face which will operate in the mine's Lithgow seam, mining an average seam section of eight feet six inches at depths varying between 250 and 750 feet from the surface. The Longwall face will commence full production in mid-1979.

The order follows a detailed study for the Electricity Commission of New South Wales by the UK National Coal Board into the feasibility of longwall mining at Newcom Collieries, which includes the Angus Place mine.

## THE NEW YORK NEWSPAPER STRIKE

# Trying to keep the habit alive

BY JOHN WYLES IN NEW YORK

NEW YORK is accustomed to newspaper strikes — the one which lasted for 114 days in 1962-63 has long since entered the folk memory, and hundreds of businesses are now striving hard to avoid the difficulties they remember suffering then. But their problems should be eased by the rapid appearance of substitute advertising outlets in the shape of three surrogate tabloid newspapers operated by journalists from the New York Times, the Daily News and the New York Post.

They are refusing to cross picket lines, but are anxious to maintain some personal income and to keep the newspaper habit alive in a city which buys 3.4m copies daily.

The prompt appearance of these new tabloids, less than a fortnight after the publication of the regular dailies was halted by the pressmen's strike, smacks of adroit anticipation, until it is remembered that the first deadlines in this dispute were issued by the publishers in May. Since then, negotiations have touched most of the ritual bases and when, in July, the publishers imposed an August 8 deadline for agreement, which was subsequently extended by one day, then those with half an ear cocked to what wn ES TH THT needed no great prescence to foresee a strike.

NEW YORK POST
The New York Times
DAILY NEWS

At least three factors pointed to a stoppage. Most important was the fact that the publishers of the three newspapers were united on a major issue for pretty much the first time since Mr. Rupert Murdoch took his New York Post into the Publishers' Association of New York just over a year ago. Second, the Pressmen's Union allowed the publishers to dictate the timing of a confrontation, and August is, in New York as in London, a time of comparatively thin newspapers, low advertising, and small readership. Third, the point at issue is a simple one, lending itself to a number of possible settlement formulas. But, as the publisher's final deadline approached, it was apparent that neither side had departed much from positions established months ago. When the publishers unilaterally imposed new manning rules on August 9 and 10, the Pressmen walked out.

As a straightforward manning dispute, the New York strike is redolent of many a battle between Fleet Street newspaper owners and unions and, more ominously, of the 13-months strike in 1975-76 which broke the Pressmen's Union at the Washington Post.

The New York newspapers have wanted to reduce the numbers of men who work their presses for many years, but have repeatedly ducked the issue because of their inability to act together and their unwillingness to face a major strike. The alleged overmanning in the pressrooms owes little to the introduction over the past few years of computerised printing techniques, and a great deal more to systems which date back to the last pressmen's strike in 1923. This was settled on the basis of a manning table which determined employment each night according to the number of printing presses in operation, which, in turn, was dependent on the size of the paper produced.

The publishers say that they have been forced to employ about twice as many men as they need, and that their wage bills are additionally inflated by restrictive practices which lead to excessive overtime and premium payments. Moreover, the three newspapers are already using or plan to use new lightweight plastic printing plates which require less manhandling than do the traditional metal plates.

The costs of overmanning are, claim the publisher, preventing their newspapers from competing in the only true growth market open to them among suburban readers who are already served by local newspapers with pressrooms where more modest manning levels have long been accepted.

The two sides still have a long way to go before the outline of a settlement may emerge. Mr. H. J. Kracke, executive director of the Publishers' Association admitted to the Financial Times that the union had been offered little more to reject than a formula which would reduce guaranteed employment for the pressmen's 1,450 members by a half, based on manning levels which would be unilaterally imposed by the publishers.

The most pessimistic observers feel that the only prospect of the strike ending in weeks rather than months lies in either an employer, or a few of the unions, breaking ranks. On the employers' side, speculation has focused on the New York Times, the management of which is seen to be more liberal and more senstive to the enormous advertising losses which will be sustained if the strike lasts until September.

Conversely, the New York Times is the most profitable and is part of a financially strong organisation which has the resources to sit out a long strike. Moreover, it has shown a fondness for a hard negotiating line this year which has brought an announcement that it would cease to fund life insurance and other benefits for employees during the stoppage.

Profitability of the Daily News, which is the largest selling tabloid daily in the U.S., has been declining and its owners are apparently determined to stand up to the pressmen.

Meanwhile, the New York Post, an afternoon newspaper, is unofficially estimated to be losing anything between $3m-$10m a year and, according to Mr. Murdoch's assistant, Mr. Martin Fischbein, is losing less money when strikebound than when operative.

But the employers' unity has brought a corresponding closing of the ranks among the 10 unions represented at the newspapers. Of the 10, only the typographers (with an 11-year deal negotiated in 1974) and the delivery drivers have contracts with all three newspapers in place agreements which expired on March 30. Since then, the publishers have shown a muscularity which nearly brought the delivery men to a strike and did cause Daily News journalists to strike in June for five days.

Mr. Murdoch's bid to reduce the number of journalists employed at the Post has brought him into constant conflict with the Newspaper Guild over the past few months, and the Guild has taken advantage of the current impasse with the Pressment to call a strike at the Post from noon today.

The key union is probably that of the delivery men, for management and supervisers could probably produce newspapers if they were assured of delivery.

Memories are fresh of violence outside the Daily News, in June, when the delivery men ignored journalists' picket lines for a couple of days, and it is said that pressmen exercised robust persuasion in persuading the delivery men to honour the pickets. Thus there is a feeling that, for one reason or another, this is not the time for any union to break ranks because a defeat for the pressmen could be a defeat for all.



## SUDAN'S ECONOMY

# Nimairi looks towards the U.S.

BY ALAN DARBY IN KHARTOUM

SUDANESE PRESIDENT Jaafar Mohammed Nimairi is to make another visit to the U.S., this time as an official guest of the American President. While Sudan's strategic position close to the Horn of Africa and the Soviet involvement there will lend the visit political significance, it is expected that much of President Nimairi's programme will be devoted to economic matters.

The Sudanese-American Economic Council, set up in 1976 after President Nimairi's first visit to the U.S., has been ordered to draw up a programme for the visit which is scheduled to take place in mid-September.

In June, 1976, the President made a 20-day private visit to the U.S., at the invitation of Governor Ray Blanton of Tennessee. That visit was seen as thawing hitherto frigid relations between the U.S. and Sudan following the murder in Khartoum of the American Ambassador there in 1973 by Palestinian guerrillas of the Black September Group.

Implicit in the 1976 visit was the message that Sudan, under President Nimairi's leadership, had finally shifted its foreign policy away from the pro-Soviet stand which had characterised the first years of his rule. But one of the main objectives of the visit was to promote private American investment in Sudan's developing economy. In Washington the President met U.S. business leaders, as well as World Bank President Robert S. McNamara and International Monetary Fund managing director Johannes Whiteveen.

Before this visit President Nimairi had laid the foundation stone of the largely American-equipped Red Sea spinning factory at Port Sudan in January, 1975. The $37.5m project is part of the Sharaf Group whose chairman is also chairman on the Sudanese side of the Sudanese-American Economic Council. Payment for the modern American equipment was guaranteed by the Overseas Private Investment Corporation (OPIC), set up by the U.S. in 1971 to provide insurance cover and finance for projects in "friendly" developing countries.

The months that followed President Nimairi's visit saw a growing number of American business visitors, looking at Sudan's investment climate. Many found Sudan's lack of infrastructure daunting. Others have been put off by the severe difficulties American companies already operating in Sudan say they have experienced in remitting profits and of securing foreign exchange for the purchase of raw materials, issues likely to be raised during Mr. Nimairi's visit.

Informed U.S. sources do not see an end to American hesitation unless there is an improvement in the performance of the Sudanese economy. Late last year, Eximbank stopped guaranteeing U.S. exports to Sudan because of substantial defaults on payments. The semi-autonomous bank however is known to be under political pressure from other parts of the American Administration to resume guarantees for Sudan and as a result is believed to be monitoring Sudan's performance closely.

Among the most prominent U.S. companies still conducting feasibility studies in Sudan is Tenneco, whose chairman heads the U.S. side on the joint economic council. Tenneco was allocated land in Sudan's northern province but found the soils there unsuitable. It was then offered another area, this time near Damazin in Blue Nile Province where a number of ranching projects have been proposed. Tenneco is still conducting investigations.

The sugar consultants Alexander and Baldwin, of Honolulu, has a contract to advise the giant Kenana sugar scheme, while Arkel International was involved in the design of the sugar factory for the project.

Brown Brothers Harriman is a partner with Prince Mohammed Faisal of Saudi Arabia in Middle East Financial and Consulting Associates which is based in Munich and has been advising on new crops in the Gezira. These include guar, a resin used for similar purposes to gum arable.

Chevron, a subsidiary of Standard Oil Company of California, is spending $65m on an oil exploration programme which has already discovered shows of oil.

One of the most important U.S. private investment projects in Sudan just announced is the proposed $125m Sudan Ren urea fertiliser factory to be located south of Khartoum. It was originally planned to locate the factory at Port Sudan close to the source of the main raw material, naphtha, from the Shell-operated oil refinery there. However, it has been concluded that it will be cheaper to pipe the naphtha up the 821-km Port Sudan-Khartoum pipeline than to transport the urea by rail or truck from Port Sudan to agricultural areas in central Sudan. But some critics of the new site are sceptical, pointing to the pipeline's poor performance so far.

One American deal in Sudan which has not been completed involves the Pennsylvania Mining Company of Wyoming. In January, 1977, the company was awarded an $18m contract to supply road building and maintenance equipment to Khartoum Province. Pennsylvania Mining was to obtain the equipment from leading U.S. manufacturers, but the equipment has never arrived, and Khartoum Province authorities are now examining the legal position. Finance for the deal was arranged through a consortium of U.S. and Arab banks.

When President Nimairi was in America in 1976 OPIC held a lunch for him in Washington. The corporation, less conservative than Eximbank, is still guaranteeing American contracts in Sudan. A recent major OPIC guarantee here involves a contract said to be "above $100m" for a new Sudanese military base, probably near Khartoun. Few details of this project have yet surfaced but it is known to involve an American company and that Saudi Arabia has agreed to pay the cost.

Saudi Arabia has also agreed to finance a government to government deal under which Sudan will receive 12 Northrop F5E fighter jets and an advanced defensive radar system. Last year Saudi Arabia paid for the $74m sale to the Sudanese Air Force of six Lockheed C-130 transport planes.

# Growth urged for direct labour building

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PROPOSALS FOR expanding the role of local authority direct labour building departments and for improving their efficiency were published yesterday by the Department of Environment.

Ministers paint to follow up the suggestions in the Departmental working party report with a consultative documents on the subject before legislation.

Mr. Reg Freeson, Minister for Housing and Construction, yesterday reaffirmed his intention to encourage the maximum growth of efficient direct labour organisations (DLOs) and said many of the report's proposals conformed with his own ideas.

The Government has already tried to introduce legislation to expand the scope of DLO's, a move which met with fierce opposition from the Conservatives and the construction industry, who claim the operations are inefficient and unnecessary.

With an eye on the previous performances of many DLOs, the report says that they should have to compete on as equal terms as possible with private sector contractors.

It suggests that DLOs should be allowed to work outside their parent local authority boundaries for other local and public authorities on new and repair and maintenance work and says that, in some cases, they should be allowed to take on work for private house owners.

The working party also suggests that the country's 550 DLOs should be expected to earn a required rate of return on capital employed on all but minor maintenance work and suggests the 5 per cent figure which applies to nationalised industries.

No DLO should be permitted to make a loss, taking one year with another, over a five-year period. If it did, the local authority would have to review the department's operations and decide if it should continue to operate.

The National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors said they still believed there was no justification for direct labour departments to do anything other than basic repair maintenance and emergency work.

They were concerned that the Government still proposed a major extension of direct labour operations "irrespective of any demonstrable proof of their financial viability" and said they would soon be producing their own proposals covering accountancy, charging and competition procedures.

# Prentice 'sought Liberal backing'

By Richard Evans, Lobby Editor

MR. REG PRENTICE, the former Labour Minister, sought Liberal backing at Newham North-East before he decided to resign the Labour Whip and later declare himself a Conservative MP.

Mr. David Steel, the Liberal leader, yesterday disclosed details of talks he held with Mr. Prentice when he was a Labour MP under attack from his party's Left wing.

The disclosure, which cannot fail to embarrass Mr. Prentice as he seeks nomination for the safe Scottish Tory seat of West Renfrewshire, follows an attack on the Liberals in Mr. Steel's constituency of Roxburgh, Selkirk and Peebles on Monday night.

According to the Liberal Leader, Mr. Prentice, while still a member of the Labour Cabinet, approached him to secure Liberal endorsement for his candidature at Newham after he had been rejected as official Labour candidate.

"I pointed out that he had been voting for the extension of nationalisation and various other illiberal Government measures which we Liberals had opposed. He also differed from the Liberals in opposing the devolution of power. In these circumstances it was difficult to see how Liberals could provide official support," Mr. Steel commented.

Mr. Prentice did, however, express interest in continuing a dissident non-Socialist group along the lines of Mr. Dick Taverne's breakaway Labour group and there was one further meeting to discuss possible "clear runs" for such candidates at Lincoln, Newham and possibly elsewhere.

It is understood that at no time did Mr. Prentice seek to join the Liberal Party. What he was after was Liberal support and the withdrawal of an official Liberal candidate at Newham, but this was opposed locally and by many of Mr. Steel's colleagues.

The cause of Mr. Steel's obvious anger was an appeal by Mr. Prentice to local Liberals to join the Conservative Party and an accusation that the Liberals had been little more than lobby-fodder by supporting a Government which introduced "massive new State controls."

# Budgen to drop Green Shield

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BUDGEN, the Booker McConnell supermarket chain, is to drop Green Shield trading stamps completely from its stores at the end of next month. It has stopped stamps in 86 stores, and the remaining 20 will drop them on September 30.

The move comes just over a week after International Stores, the BAT Industries subsidiary, announced its decision to drop stamps from all but 100 of its 684 branches by the middle of September.

Only last year Budgen took on some of the stamp franchises left when Tesco dropped stamps just over a year ago.

It now means, however, that no major national supermarket chain apart from International Stores has any shops giving Green Shield stamps. Gateway Foodmarkets, the West country supermarket chain which also took on some of the Tesco stamp franchises last year, announced its decision to pull out from stamps earlier this summer.

Green Shield has lost about a third of its franchises over the past year, although it still has between 14,000 and 15,000 small shops and petrol stations. The company's last published accounts for the year ending November 5, 1977—which partly took into account the loss of the Tesco franchises — showed a sharp slump in both turnover and profits.

Mr. Gordon Green, Budgen's chief executive, said yesterday the company did not plan to use the money saved on stamps—which amounts to about 2 per cent of turnover—to launch a new price-cutting offensive. "That is the way to kill the food business stone dead," he said.

Instead Budgen will concentrate on improving the range of stock covered in its stores to give customers more choice. Mr. Green said that Budgen's stores—which are about 5,000 sq ft in size on average—appealed to shoppers as "friendly neighbourhood shops" rather than as aggressive High Street multiples.

Mr. Green was also firmly convinced that shoppers no longer wanted to collect trading stamps and "go through all the rigmarole of redemptions."

Earlier this year Green Shield merged all its redemption centres with the Argos discount shops. Both Argos and Green Shield are wholly owned by Mr. Richard Tompkins although they are run as separate trading companies.

It emerged yesterday that the value of Green Shield stamps redeemable at Argos stores has been reduced. Each full book had been worth 56p in part exchange for goods sold by Argos, but this has now been reduced to 50p. The cash value of a full book stays the same at 42½p.

Meanwhile International Stores yesterday announced a restructuring of its operations following the decision to give up stamps and as part of a new £50m investment programme. The company will be split into three sections: International's supermarkets; Pricerite discount stores; and a new superstore division.

## ● NEWS ANALYSIS — MONOTYPE

# Restoring the balance after computer swirls

BY MAX WILKINSON

MONOTYPE, the printing machinery company which has been rescued by the National Enterprise Board and Barclays Bank, is an interesting example of a manufacturer caught off-balance by the swirls of computer technology.

For many years since its foundation in 1897, Monotype was a solid respectable business making high-quality typesetting machines mainly for the book printing trade. It enjoyed a good share of its home market and healthy exports, accounting for about 80 per cent of sales.

The old Monotype machines, which cast type from molten lead were built to last, and in one sense they have lasted too well. Many machines built over the last few decades will be capable of giving service long after they have been made obsolete by newer computer typesetting techniques.

The Monotype Corporation correctly foresaw the need to move into new technology in 1959 with the development of a film setting machine. However, the company was late with introduction of computer technology and its electronic machine introduced in 1969 was behind the field. Then in the 1970s it was overwhelmed by a series of financial manoeuverings and take-overs during which some £3m of the company's assets were stripped and it found itself owned by a property company the Grendon Trust, which had no money to invest in research and development.

As a result, Monotype has been staggering for most of the 1970s under the burden of high development costs and all the other difficulties attendant on the introduction of a genuinely up-to-date product range witholt adequate backing. However, in the early 1970s it went head with development of a new Laser machine.

By 1976, it had turned a series of losses into a very small profit of £94,000 on a turnover of £13.7m. But in the next year its unaudited accounts show a loss of about £250,000 on a turnover of £15m.

In the current year the loss is expected to be substantially higher because of the development and marketing costs of its new laser photo-typsetting machine, the System 3000 claimed to be the most advanced of its type in the world.

The company therefore faced the need for a new backer if it were to avoid liquidation. The bankers Keyser Ullmann, the principal creditor of Grendon, set about looking for new capital and eventually succeeded in gaining the joint support of the NEB and Barclays.

Barclays has agreed to convert interest on existing lendings to the company into a 37.5 per cent equity stake in the new holding company Monotype Holdings. The new money required for the next five years' development of System 3000 comes from the NEB. The board is paying £3.5m, of which £250,000 is for 37.5 per cent of the equity. The rest is made up of secured loans, some of which will be convertible into ordinary shares.

The NEB and Keyser Ullman both believe Monotype has a good prospect of eventually becoming profitable even though losses will continue for a year or two. One of the contributory causes of the current difficulties has been the substantial delay in getting System 3000 into full production, and the fact that research and development costs are written off each year.

However, the initial difficulties have now been sorted out, the company says, and since the latest version of the system was launched at the turn of the year the company has secured orders worth £1.85m and it claims the system is highly competitive internationally.

The company has also developed two smaller systems—System 1000 and System 2000—aimed at its traditional market amongst small printers and book publishers.

The company has also moved into another new, though rather crowded market with the introduction of a word processing system. Since its launch in October, the word processing machines have accounted for about £350,000 of orders. This is not expected to be a main growth area for the company in future.

Meanwhile, sales of molten metal machines have declined sharply from 76 per cent of turnover in 1973 to 42 per cent in 1977. Over the next few years the company expects a steady business of about £5m a year from sales of spares to the machines it has installed throughout the world.

In its new electronic phase, Monotype will start with the advantage of a solid reputation for quality which it has built up since its foundation 81 years ago and which enabled it to gain a claimed 60 per cent share of sales for the machines used by the UK quality book printers.

It intends to continue to attack the market for high quality machines while extending into the newspaper and other businesses where quality demands have hitherto been less stringent.

Its main competitors in the new product area will be Lintoype-Paul, Harris, Compugraphic and a number of other companies, mainly in the U.S. and West Germany. It is the only UK-owned manufucturer of photo-typesetting equipment, and its latest machine was designed by its own staff.

# Pepperell may return to face theft charge

FINANCIAL TIMES REPORTER

FRAUD SQUAD officers from Scotland Yard are expected to fly back this week from West Germany where they have been interviewing Mr. Trevor Pepperell, who is accused of stealing £2.4m from London and County Securities.

London and County, a secondary banking group, collapsed five years ago with losses of more than £50m. Mr. Pepperell, a chartered surveyor, was a director for a period.

It is thought that Mr. Pepperell may forgo protracted extradition proceedings and return voluntarily to Britain this week to face the charge against him. If so he would probably be formally charged at Bow Street court and remanded for a committal hearing.

Mr. Gerald Caplan, former chairman of the London and County group, is still in custody in Los Angeles on a similar £2.4m theft charge on which he was arrested in April.

Eight other men have been remanded until next month at Bow Street court on charges of theft from the group and other offences totalling £16m.

# Marathon Shipbuilding faces uncertain future

By Our Glasgow Correspondent

THE GOVERNMENT is anxiously monitoring the progress of the Clydebank oil rig builders Marathon Shipbuilding, rescued from closure last year, but once again facing a lack of orders.

The U.S.-owned yard, which is Britain's only rig constructor, has just completed a £13m jack-up unit, ordered by the British National Oil Corporation on the instructions of the Scottish Office last year to avert Marathon's collapse, for the U.S. company Penrod.

Work is well advanced on a sister rig, also for Penrod. But with no other orders presently booked, job prospects for the yard's 1,000 workers are gloomy.

Marathon has been pursuing several possibilities this year, so far without success, including a £9m rig for Diamond drilling of Houston. The yard requires about three orders a year to maintain its workforce.

Mr. Jimmy Reid, engineering union convener, said that there was no "imminent crisis." At least three prospective jack-up orders were being negotiated and the stewards were hopeful of one being confirmed within the next two weeks. This should avoid the need for redundancy notices.

# Absenteeism 'threatens pottery trade'

BY TIM DICKSON

ABSENTEEISM is posing a serious threat to the well-being of the pottery industry, according to Sir Arthur Bryan, chairman and managing director of the Stoke-on-Trent-based Wedgwood Group.

He claimed yesterday that, on average, 10 per cent of his company's 12,000 employees are absent from work.

Announcing virtually unchanged pre-tax profits of £1.68m for the 13 weeks to July 1, Sir Arthur tells shareholders that the problem could threaten the prosperity of all who work in the industry.

Yesterday he added: "I can't understand it. Conditions in this company are very good and our employees have plenty of incentives."

Sir Arthur said absenteeism, although less harmful to large production units, was particularly serious in a small department, where only a handful of people were working.

# Sea oil groups set up emergency scheme

By Sue Cameron

OIL COMPANIES in the UK and Norwegian sectors of the North Sea have agreed on joint emergency plans for tackling future oil rig disasters.

The UK Offshore Operators' Association and the North Sea Operators' Committee-Norway have approved a proposal to divide the companies into five geographical sector clubs, each with arrangements for mutual aid.

The companies in each sector club will pool fire ships and safety equipment so that emergencies can be tackled more quickly and effectively. If there is a serious rig fire or blow-out, operators may seek help from other sectors.

Each operator will retain responsibility for its rigs' safety and will pay for the use of other companies' emergency equipment. Altogether, 13 operators will initially be involved in the scheme. Others will join as production starts in new fields.

## Three-stage plan

A detailed, three-stage plan for dealing with disasters has been drawn up and agreed. At the first sign of a fire or blow-out, water-spraying equipment built into every rig will be used and fire ships in the immediate area summoned.

If the emergency cannot be brought under control quickly, the men on the rig will be taken off by helicopter or ship except possibly for a small, specialist crew.

At that point the operator will signal to others in the sector, asking for extra equipment and fire ships.

When the emergency has been brought under control, the operator concerned will be able to call on sector club members for help with repairs.

The aim is to achieve the maximum use of the widening technical resources available. North Sea operators own or lease 12 support ships, all with fire-fighting apparatus and some with equipment to regain access or wellhead control in the event of a blow-out. Seven more ships have been ordered.

# Archbishop will open new walk

THE 141-mile North Downs Way long distance path will be opened on September 30, by the Archbishop of Canterbury, Dr. Donald Coggan, at the national nature reserve near Wye Kent.

Afterwards Dr. Coggan will lead a two-mile inaugural walk with rambling and footpath groups.

# Monsanto closes plant because of health fears

BY SUE CAMERON

THE U.S.-BASED Monsanto chemicals group has shut down its PCP — pentachlorophenol — plant at Newport in Gwent because of an unpublished report from the World Health Organisation which suggests that the production process could present a serious health hazard.

Monsanto said yesterday that it had acted on the advice of factory inspectors who had seen copies of the report. The PCP plant was the only one in the U.K. Between 15 and 20 people were employed there. Most will be offered other jobs at Monsanto's Newport chemicals complex.

PCP is a preservative used on wood and, to a lesser extent on leather and canvas. The Monsanto plant has been in operation since 1950 but over the last four years the company has spent £500,000 on improving environmental and safety standards for PCP production. It had already begun to consider closing the plant because it felt the further investment required was not justified by the long term potential of the product. Last year PCP sales accounted for only £1.4m of Monsanto's total £200m UK sales.

The decision to shut the PCP plant immediately was taken after consultation with the factory inspectorate last week. The inspectors told Monsanto that WHO had expressed considerable concern about health hazards associated with certain by-products from the manufacture of PCP. Monsanto itself has still not seen the WHO report.

The chief European manufacturing centres for PCP are in Germany and France but it is not yet known whether the WHO report will be allowed to affect production in those countries.

## G-Plan move

E. GOMME, a subsidiary of Gomme Holdings, the G-plan furniture manufacturers, is to move into a 25,000 sq ft Welsh Development Agency factory at Wrexham, which will be extended to 65,000 sq ft next year. There is also provision for expansion to 250,000 sq ft to meet increased demand.

Employment will rise from 25 to 200 over three years.


THE NUMBER of adults out of work rose in all regions in the month to mid-August when seasonal factors are taken into account. However, there was no change in Scotland, and in the East Midlands the number of unemployed fell by 300, and in Northern Ireland by 100.

Over the last 12 months the absolute number out of work has fallen most in the South East, East Anglia and the South West, while the largest rises have been in Northern Ireland, Wales and the North.

Since last August the absolute number of unemployed has fallen by 7.6 per cent in the South East, 6.3 per cent in East Anglia, 5.1 per cent in the South West, 3.2 per cent in the West Midlands, 2 per cent in Scotland and 1.2 per cent in the East Midlands.

Areas in which the number of unemployed has increased in the last 12 months are: Northern Ireland, up 8.3 per cent; Wales, up 6.7 per cent; the North, 5.1 per cent; Yorkshire and Humberside, 4.1 per cent; and the North West, 1.6 per cent.

# Metric petrol may hit small garages

MANY SMALL garages, particularly in rural areas, may decide to stop selling petrol if Government plans for metrication of sales go ahead, the Motor Agents' Association claimed yesterday. Its petrol retailing committee said that the switch to metric units for petrol sales would mean substantial new investment in equipment and higher labour costs.

The number of petrol pumps in use is dropping by about 5 per cent a year.

The association estimates that the cost of converting Britain's 110,000 pumps in 29,000 garages will be about £90m. It believes that if the Government wants this switch to metrication, then it should back the programme with the law.

## Easington home repairs appeal

EASINGTON Council, County Durham, is applying to the Environment Department for £2m to make essential repairs to houses built in the late 'fifties when there were shortages of high grade construction materials. The application for special funding for repair work is being made under the New Town Development Act 1976.

## Air ticket ban bid

The British Airports Authority is to seek a temporary injunction in the High Court tomorrow to stop Air India selling cheap stand-by tickets at Heathrow.

## New Sunny rises

Datsun today unveils in the UK its successor to the high-selling Sunny 120Y family saloon. The New Sunny will range from £2,659 for the two-door to £2,982 for the coupé.

## £5m property deal

Philips and Pye Pension Fund has bought the 105,000 sq ft Kensington House office block in Richmond Way, West London, close to Shepherds Bush shopping centre, in a £5m deal.

## Institute move

The Institute of Chartered Secretaries and Administrators has become a member of the consultative group used by the Accounting Standards Committee.

## Modernising. . .

A £1.5m modernisation programme was announced yesterday for the works of Redpath Engineering at Cambuslang, Glasgow.

## HOME NEWS

# Engineering survey predicts more orders

BY MICHAEL CASSELL

A MODEST improvement in orders for the mechanical engineering industry, largely from home customers, is forecast for the next 12 months by the Engineering Employers' Federation.

The outlook is described in the latest report from the federation's short-term trends working party, just published. Previous working party findings have not been published.

The report covers all the mechanical engineering industry, from machine tools and industrial engines to agricultural, construction and mechanical handling equipment.

It says that the recent general increase in UK industrial activity should lead to a small upturn in orders during the second half of this year and the first half of 1979.

However, the survey adds that new mechanical engineering orders might decline slightly during the second half of next year.

According to the report, the home market will improve most, although it expects little growth in domestic demand for the industry's products until customers begin to step up capacity and production. They appear to have substantial surplus capacity.

Few export orders are expected because of the limited prospects seen for world trade and the poorer UK price competitiveness resulting from the *recent buoyancy of sterling.*

The report emphasises the increasing penetration of imports into the home market. Mechanical engineering, it says, is depending increasingly on overseas customers while domestic markets are depending more on overseas suppliers.

That pattern, with the contraction in the home market, leaves the industry "with an ever less secure base at home from which to sell."

The report says that, given current low output per man, the industry should be able to increase output greatly without any overall rise in numbers employed. In many companies, however, there are shortages of critical skills, particularly skilled craftsmen and technicians, which limit output.

The federation also notes that prices of materials and fuel for mechanical engineering have risen much faster during the past year than those for manufacturing industry as a whole, mainly because of the importance of steel and its relative price buoyancy.

## Work starts at Rassau site

WORK ON the first advance factory at the Rassau industrial estate near Ebbw Vale, South Wales, was inaugurated yesterday by Sir David Davies, chairman of the Welsh Development Agency. Altogether 22 factories will be constructed on the site in a £4.8m project.

Andrew Scott, of Port Talbot, has been awarded the £1.8m contract for the first units — six of 25,000 square feet each.

It was also announced yesterday that William Cowlin, of Cardiff, is to build a further six of 10,000 square feet at a cost of £910,000 — and contracts for eight 5,000-square-foot units and two 50,000-square-foot units are expected in the next few weeks.

# Coal Board wins record gas deal

THE National Coal Board has won its biggest contract for the supply of colliery gas in a deal announced yesterday with Joseph Crosfield, a chemical company in the Unilever group, writes Rhys David.

The contract, the terms of which have not been released, provides for an average yearly supply of 9.5m tonnes of methane (natural gas), equivalent to roughly 40,000 tonnes of coal, from Parkside Colliery, Newton-le-Willows, in Lancashire, for an initial 10-year period.

The Coal Board is to spend about £3m on laying pipeline to the company over a distance of some six miles and gas is expected to begin flowing in about 18 months. It is thought reserves from the colliery could last until the next century, and it is hoped the supply, together with additions from another mine can be boosted to 15m therms a year.

The gas has to be drained from underground, for safety reasons, at Parkside, as at many other collieries, as part of normal operations. Although some is burned in the colliery's own boilers about 7m-10m therms has to be exhausted into the atmosphere at present.

Crosfield make speciality chemicals for sale directly to industry and uses about 30m therms of energy a year

# Welsh slate makes a comeback

BY RHYS DAVID


FOR MANY of the one million visitors to the tourist centre at the Llechwedd slate mines in Blaenau Ffestiniog it was no doubt a surprise to discover that the quarrying industry still operates amid the other more picturesque attractions of North Wales.

Yet survive it does, and over recent years it has even had something of a renaissance, with the main constraint now facing it is not lack of demand but a shortage of workers to produce the quantity of slate that could be sold.

As the roofs of Britain's industrial cities testify, slate reached its peak at the turn of the century, when no fewer than 16,000 men were employed in the quarries of Gwynedd mining, splitting, and dressing slate for shipment by narrow-gauge rail and coasters from ports such as *Portmadoc and Port Dinorwic.*

The industry began to lose ground in the inter-war years, however, to mass-produced tiles, and in the 1960s there began what looked like being the last in a long series of slate mine closures.

But it never seemed quite right that a product which exists in great abundance, requires relatively little processing, and which remains technically ideally suited to its task, as well as attractive, should die out, and a determined effort to ensure its survival was made.

At Bethesda, on the other side of Snowdonia from Blaenau, control of the biggest remaining North Wales quarry, Penrhyn, passed into the hands of Marchwiel Holdings, the building contractor, which could see the potential of slate waste as a filling material, as well as continued uses for slate itself.

In Blaenau, after the closure of the big Oakley mine, the management at Llechwedd, then down to only 35 workers, realised that a similar fate lay ahead. Instead of succumbing to it, the owner, J. W. Greaves, a family company, decided to try expanding instead. Through bank loans and leasing, larger trucks and excavators were bought to increase the efficiency of the mining operation, and there has been a move away from underground towards open-cast mining.

The company, according to its managing director, Hefin Davies, now sells as many slates in a month as in a year 10 years ago, and more than £200,000 has been spent on new machinery. Another quarry in the town which was due to close down has also been bought.

Equally important has been *the realisation that the product* has to be marketed. "Ten years ago there were big stocks of slate everywhere. Now we have to quote delivery dates some weeks ahead for some sizes," Arthur Thomas, another of the company's managers explains.

Contacts have been built up with architects bringing increased specification of slate, particularly for more expensive dwellings. (Slate roofing at £12 per square metre is roughly *double the cost of tile roofing,* though the gap has been closing and the life of the product is longer.)

The Government with its large building programme has been another target, as have local authorities.

The whole industry benefits from planning regulations in Gwynedd which require the use of slate, and an estimated 40 per cent of the industry's sales are in Wales itself. Throughout the country, however, the rehabilitation of older properties is now providing a good market.

So too is the increased emphasis on conservation. Export markets have been developed on the Continent, particularly in Germany and Holland, and some new uses have been developed on top of the various craft products—slate clocks, chess sets and ashtrays—which have sprung up to cater for the tourist demand for souvenirs.

Penrhyn produces about 30,000 tonnes per year of crushed slate which is then marketed at fullersite—a product which is used in the manufacture of oil pipeline protection enamel. Slate slabs are also being used as floorings, lintels and fireplaces. Employ*ment at Penrhyn is now* 250, at Llechwedd 120, and together with smaller numbers at other quarries elsewhere in Gwynedd, now totals 550 altogether.

It is a number which could be increased further yet despite a 10 per cent plus unemployment rate in Gwynedd, recruitment is difficult and young people cannot be persuaded to stay, leaving the industry with an ageing labour force.

The problem is in part the collective folk-memory in the are of past exploitation and the generally poor image of the industry. But conditions have improved and management at Llechwedd, far from being remote, consists almost to a man of Welsh-speaking sons of the town. The problem is put succinctly by one of the older men, Meurig Evans, a slate worker for 40 years. "They are beating the calf because they were tossed by the bull."

The Llechwedd management sees the answer to the problem of labour shortage in, further mechanisation—sadly at the possible expense of the traditional slate splitting craft. New machines have been bought from France—Europe's most important slate centre—which will perform this task in a new mill now being equipped to replace the present rather primitive building with its row of individual quarrymen's stalls.

The slate workers who now carry out all the various processes from breaking a lump of the material through to producing the finished roof slate are likely to concentrate on dressing the slate—cutting it to size on special machines. All this depends on the splitting machines working without too high a breakage rate and it is a point on which there is a large degree of scepticism among the likes of Meurig Evans.



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LABOUR NEWS

# Steel union ready to fight closures

BY PAULINE CLARK, LABOUR STAFF

THE BILSTON steelworks in the West Midlands could become the scene of a new confrontation between British Steel Corporation and its biggest union over the industry's national closure plans.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said yesterday that Bilston represented the "dividing line" between the closures made under the Beswick plan, with which the unions had co-operated, and the corporation's plans for further cuts.

The union was likely to have to make a firm decision by November on how it would respond to any further closure plans affecting Bilston and this would "set the pattern for the future."

Mr. Sirs' clear warning to the corporation that it must tread carefully with the unions if it wants co-operaton to continue followed a top-level union visit to Bilston on Monday.

Representatives of the TUC steel industry committee, which is chaired by Mr. Sirs, will also visit the steelworks tomorrow to hear the workers' plans for preserving jobs there and improving its viability.

The union claims strong and united support on the shopfloor for a campaign to save the carbon steel plant where some 2,400 jobs are threatened under the Steel Corporation's post-Beswick economy programme. Bilston is the first plant which was not singled out in the Beswick Report on closures to emerge under the corporation's programme.

Earlier this summer a national strike was threatened when a union official received a letter from a local manager calling for talks on closure and the letter had to be withdrawn to allow what the corporation described as proper consultation to proceed.

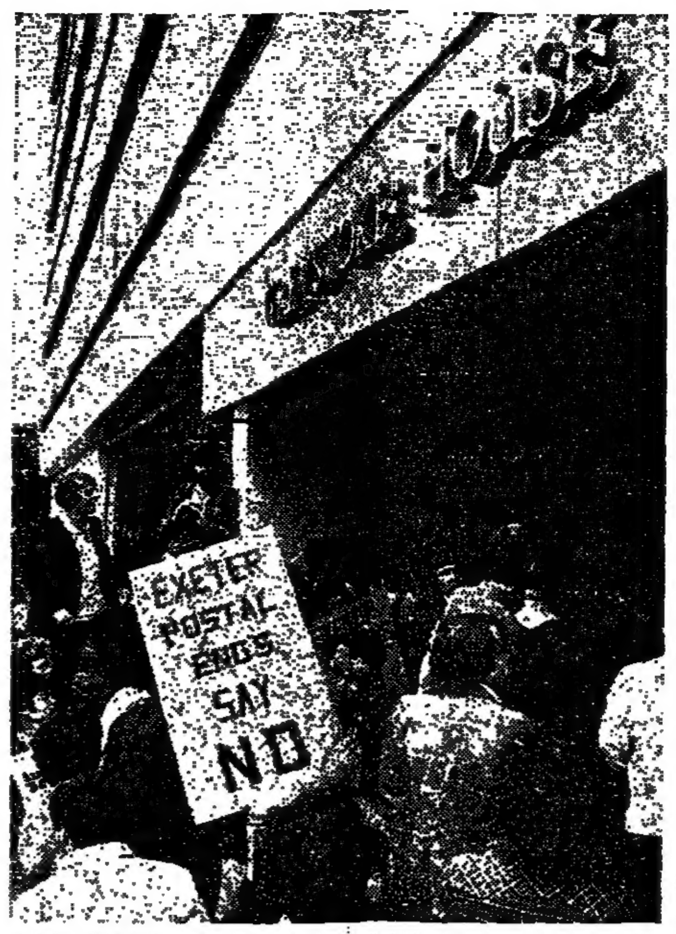
Mr. Sirs said that his members at Bilston were determined to keep the plant open. They had asked the union for its support to ensure proper consultation. Although it was up to the executive to make the final decision he believed they would "take the view that the works should carry on."

Mr. Sirs told his union's reconvened conference in London, however, that so far the corporation had made no further representations to the unions on the future of Bilston.

On the last day of the annual non-policy making conference, deferred from last month, Mr. Sirs made it clear that the union's co-operation on the "steel contract" industrial democracy proposals would depend on how far the corporation was prepared to meet its demands for single status on issues such as pensions and holidays for staff and manual workers.

But the union would stand firm in resisting any attempts to bring the steel unions together in annual wage negotiations.

The conference supported an executive council motion seeking immediate negotiations on the introduction of a 35-hour week, which the union leaders argued would help to create more jobs.



POST OFFICE engineers yesterday lobbied an executive meeting at their union's London headquarters in protest at the provisional agreement on a 2½-hour reduction in their working week. Some of the union's 125,000 engineers say they will not accept anything less than a five-hour cut to 35 hours.

The executive of the Post Office Engineering Union decided that the special delegate conference which will settle whether the provisional agreement will be accepted will meet on September 16 in Birmingham. The Post Office has waived the proviso that the new arrangements would be implemented in December providing the union agreed to accept the deal by September 12.

The special conference will be preceded by regional meetings before each of the union's 300 branches mandate delegates.

# British Airways cancels flights

BY NICK GARNETT, LABOUR STAFF

BRITISH AIRWAYS has cancelled some intercontinental and short-haul flights mainly from Heathrow and Manchester, today because of the 24-hour strike by engineers seeking pay parity.

The airline believes the effects of the stirke, due to begin at 6.30 am today, willb e more severe on long haul services than on domestic and European flights.

Last night British Airways had cancelled six long haul services from Healthrow, two from Manchester and nine short haul services. The airline normally operates about 31 intercontinental flights and more than 150 domestic and European flights from Heathrow.

The six cancelled long haul flights from Heathrow were to New York, Los Angeles, Hong Kong, Beirut and Muscat, Dhahran in Saudia Arabia and the Concorde flight to Bahrain.

Passengers will be offered alternative arrangements with other airlines.

The long haul flights cancelled from Manchester were to Toronto and Montreal and to Prestwick and New York.

The cancelled short haul return flights include two Manchester-London, Manchester-Edinburgh, Manchester—Copenhagen, Manchester-Frankfurt and Copenhagen-Glasgow.

The engineers are seeking extra payments for working on wide-bodied jets and claim there is a disparity of up to £6 between their pay and that negotiated by British Caledonian engineers for working on similar types of aircraft.

## Subsidy plea to protect jobs

THREE West Yorkshire councils have linked in a move to save up to 14,000 jobs in the textile industry.

Bradford, Kirklees and Calderdale councils have written to the Government supporting an appeal for a £750,000-a-year subsidy to wool scouring firms to offset high waste disposal charges.

The councils say that a suggested move to the coast would mean a direct loss of nearly 6,500 jobs, and if associated firms also moved it could mean 14,000 fewer jobs.

# Parity for repair men ends Tyne pay dispute

THE TYNE'S 5,000 ship repairmen have won a parity claim with the river's shipbuilders, ending years of bitter wrangling and dispute between the two halves of Tyneside's major industry.

Under a central arbitration committee award, announced yesterday, carftsmen in the repair yards will get a backdated split award which will bring their weekly pay to £83.

Ancillary workers at the top of the scale will get £71.60.

Both sides of the industry have welcomed the award. Mr. John Hepplewhite, of the Boilermakers' Society, said: "I am quite happy with it. It has taken years to sort out and get equality between the repair and building yards."

Part of the award is backdated to January 1. The balance is backdated to July 1, provided revised working practices are implemented.

These include greater flexibility and no arguments over "who does what." Neither side expects any difficulty in ratifying this part of the agreement.

A warning on the level of shipyard productivity came yesterday from Mr. Derek Kimber, chairman of Austin and Pickersgill.

Writing in the company magazine, he told 3,000 workers at Sunderland: "Our future is up to us, above all else."

The company hoped to score further successes, "but this will entirely depend on restoring our present deplorable level of productivity to something like its former level."

Mr. Bill Porter, l regional organiser of the General and Municipal Workers Union, said he did not understand the chairman's criticism because he considered the yard had one of the best records of all-round productivity.

# Barclays will limit cash exchange plan

BY NICK GARNETT, LABOUR STAFF

BARCLAYS BANK is restricting its experiment on bureaux de change to four branches instead of nine after delays in reaching an agreement with the bank's staff association.

Barclays had agreed with the National Union of Bank Employees to open nine branches on Saturdays for currency exchange transactions. This was in return for days off in lieu and extra payments for those staff working on the Saturdays.

Talks with Barclays Group Staff Association proved more awkward, but the bank decided that it did not want the scheme delayed.

Agreement was reached with the staff association for the four branches on terms which the association said yesterday were considerably better than those originally negotiated by the union.

The branches will be open until 4 pm instead of 4.30 pm, the extra payments have been increased and there will be greater choice in operating the days off system.

Both Barclays and the staff association said that the four branches were enough to monitor the experiment, which begins this weekend and is due to run into September. It may be extended if demand is sufficient.

The bank said yesterday that cash dispensing machines could provide out-of-hours cash for customers, but they could not deal with the transactions required by foreign tourists.

The four branches — at St. Paul's and Knightsbridge, London, and at Brighton and Canterbury — will be open on Saturdays from 9.30 am for foreign exchange business including cashing of travellers' cheques.

The bank and union officials will monitor the scheme to see if demand is sufficient for a small permanent network of exchange bureaux operating on Saturdays.

## Foreign unions in Singer talks

UNIONISIS from many countries are to meet in Glasgow in October to discuss the Singer company's plans to cut its world-wide manufacturing network.

The International Metalworkers' Federation has called a conference of Singer unionists for October 2 or 3 after a threat to many thousands of jobs in the U.S. and Europe, including 3,000 proposed redundancies at the company's Clydebank sewing machine factory.

The decision to call the conference arose from talks in Glasgow this week between Mr. Karl Cassarini, assistant general secretary of the federation, and senior British union officials

HANDFUL OF MEN POSE BIG DILEMMA

# AUEW sends team to tackle BL rebels

BY ALAN PIKE, LABOUR CORRESPONDENT

MEMBERS OF the Amalgamated Union of Engineering Workers' executive wil lset off for the Midlands an dScotland this week on a mission that they hope will quell challenges to the union's authority and bring peace to two BL (formely British Leyland) plants beset with disputes.

The union has members on strike at BL's Bathgate truck and tractor factory in Scotland and its SU Fuel Systems plant in Birmingham, while Transport and General Workers' Union members are involved in a third dispute at the Llanelli radiator factory in Sotuh Wales. The week-long Llanelli strike, over a demand by production workers for pay parity with craftsmen, might affect other factories badly if it goes on.

Both AUEW strikes are continuing in spite of instructions from the union that the men should return to work. The AUEW executive decided yesterday to call both groups of strikers to district committee meetings this week with an evecutinve member present, to repeat the instructions to return.

The move suggests that the union may be ready to take a tough stand if the strikers again refuse to return. AUEW officials have told other members at the SU plant to try to maintain production during the strike.

BL management has warned the AUEW that it will suspend work at the Bathgate factory indefinitely unless the strike ends rapidly. That would affect jobs at the Albion factory in Glasgow and probably at other BL and truck factories.

The Bathgate strike, entering its third week, involves 1,500 men who are demanding extra money for operating new computerised machine tools. BL, supported by the AUEW executive, says that under their procedure agreement the strikers should use the new machinery without extra pay. The company adds that since the new tools will increase output the strikers stand to benefit under a productivity scheme.

Mr. Michael Edwardes, chairman of BL, visited Bathgate last month and gave a warning that the secure future of the plant depended upon an end to unofficial disputes and restrictive practices.

However, by far the more difficult of the unofficial disputes is at the SU factory.

## Spearhead

It involves only 32 men who have no support from other workers at the factory. It has not yet affected production. But it raises again the demand by toolmakers for separate bargaining rights and pay parity and the spectre of last year's Leyland toolroom strike that caused heavy damage to the company.

The SU strikers want parity with other BL toolrooms in the Birmingham area. They see themselves as spearheading the toolmakers' continuing campaign for that end. Mr. Roy Fraser and his colleagues on the unofficial toolroom committee that led last year's strike are arranging collections among BL toolmakers for the SU strikers.

The AUEW is satisfied with the moves towards pay parity under BL's scheme to rationalise its wage structure—the intention is to achieve full parity by November, 1979 — and the strikers were, like the men at Bathgate, ordered back to work.

They ignored the instruction. Last weekend they were called to a meeting of the union's East Birmingham district committee to explain themselves. None of the strikers attended and the committee imposed £9 fines on all except two men who sent apologies.

The AUEW executive confirmed the fines yesterday and ordered the strikers to report to an emergency meeting of the district committee tomorrow. It will be attended by Mr. Terry Duffy, who takes over from Mr. Hugh Scanlon as AUEW president in October.

Executive members will be under no illusion about their dilemma. They cannot get tough with 32 men at SU Fuel Systems without risking having to take on the entire BL toolroom committee. Mr. Fraser and his colleagues are to meet on Saturday week to discuss the next move in their campaign for separate negotiating rights and Mr. Fraser has given a veiled threat that the meeting might decide upon further industrial action.

There is little friendship between the executive and the tool room committee. If the SU strikers reject tomorrow's renewed appeal to return to work, the executive will have to make some crucial guesses about the current state of Mr. Fraser's power base. Other AUEW members at SU demonstrated clearly on Monday that they support the union leadership and will help to keep the plant working. However, the same evening 700 toolmakers in the Birmingham area almost all boycotted a meeting called by the union to explain the background to the dispute.

If, as some AUEW members believe, an increasing number of BL toolmakers are satisfied with the moves the company is making towards pay parity, continued action by the SU strikers would give the executive an ideal opportunity to put the toolroom committee to rout. But there is no lack of appreciation of the possible gravity of the consequences if such a calculation proved wrong.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

## Makes a safer fuel tank

ICI HAS developed a pair of fibre-based materials which, although intended primarily for protecting the fuel tanks of military aircraft to minimise the risk of fire or explosion in the event of a direct hit, might also find eventual application in civil aircraft and possibly the road vehicle industries.

One of the products, called Promel, is for use inside fuel tanks and is supplied in 480 x 480 x 120 mm blocks that can be cut to fit at the manufacturing stage or retrofitted through the hatches. It is made from 15 micron diameter fibre with a core which has a higher melting point than the cladding. The bulk fibre is "melded" (a combination of melting and welding), the claddings sticking together but leaving the fibrous structure intact.

The result is a material exhibiting a surface area of 200 square metres for each cubic metre, able therefore to absorb the heat and suppress the chemical reaction of a flame front aided by the effect of the latent heat of melting.

In firing trials carried out at the Royal Aircraft Establishment, Farnborough, a sheet steel tank containing an explosive mixture of Avtag vapour and air was filled with 550 mm cubes of Promel and two rounds of 12.7 mm armour piercing incendiary tracer fired at it from short range. The heat energy was dissipated through the material, fusing the cubes into a cohesive mass; the pressure rise in the tank did not exceed 3.5 psi—well within the tolerance limits of most fixed wing aircraft.

Density of Promel is about 8.5 gms/litre (0.5 lb/ cu ft) so *that payload increase is negligible*. It occupies about 0.75 per cent of the fuel space and retains about 2.25 per cent of the fuel, so that loss of available fuel is small. It is suitable for use in both rigid and flexible fuel tanks.

Although Promel costs several times as much as polyurethane, the material used so far, it has important advantages. It is one third of the density, completely inert, intrinsically non-dusting and can withstand prolonged immersion in fuels up to 100 deg C —a temperature that can be reached when, as in some modern aircraft, the fuel is used for cooling purposes.

The other product, Atomel, is similar and is for use in dry bays around tanks to suppress fires cause by loss of fuel from the tank.

More from the company at Millbank, London SW1 4QG (01-834 4444).

GEOFFREY CHARLISH

● PRINTING

## Typesetter with high definition

IN OCTOBER Alphatype Corporation will be revealing a new cathode ray phototypesetter at the Graph Expo in New York.

Known as CRS (cathode ray setter), the equipment is driven by an intelligent terminal/minicomputer system which basically consists of a pair of 32k terminals, a 70 megabyte disc store, 16 bit mini with 65k of memory; floppy disc for input and back-up, and the necessary typesetting software.

Input from the two keyboards, word processors, or from wire services can be accepted, stored, and merged in sequence. By programming, the operator can tailor the keyboard to the particular type of work

In the setter itself the company claims that the character resolution of 5,300 strokes per inch with the spacing and alignment facilities provided set new standards for phototypesetting.

The definition is claimed to be about four times that of other CRT setters developed to date and an idea of the fineness is obtained by comparing with the 40 lines/inch of domestic television.

Before a CRS fount is digitised, each point size is considered. Alphabets are re-drawn as needed to guarantee perfect letter form and best fit from character to character, for every point size. Each drawing is then digitised producing a quality which it is claimed no system of enlarging/reducing lenses, or electronic re-proportioning only can emulate.

Horizontal control over the electronic positioning of each character is in increments as little as 0.000375 inch producing, it is claimed, perfectly spaced words with no line-to-line variation.

Entire lines are then exposed to a flat plane that provides maximum exposure control without distortion. Photo material is a flat sheet (paper or film) located on pins in a precision mechanism that provides great accuracy of line spacing.

On relatively slow high quality graphics arts papers the speed of the setter is about 50 lines/min at sizes under 12 point (30 lpm over 12 point). But with high-speed materials this can be increased to 80 lpm.

Alphatype Systems in London plans to run a flight-hotel travel package to see the machine in New York. More from 7 Regency Street, London SW1 (01-821 0126).

● DATA PROCESSING

## Way to best contracts

ALTHOUGH Laurie, Millbank and Co., has for some eight years been supporting the operations of its gilts salesmen through the provision of fast price and yield information system, it was not until about a year ago that the house began considering how it could make available, outside, the expertise its software specialists and the company with which it was associated had accumulated in that time.

The company, City Computer Systems, of Portland House, Basinghall Street in the City of London, whose technological mainspring is Professor B. R. Gaines, head of the mechanical engineering and computer sciences department at Essex University, has done a great deal of work for Laurie, Millbank; but also for other well-known specialist groups in the City.

In this area comes a *development that is on the stocks* at the moment to allow salesmen to use a conventional compact colour video, not only to look at important financial and economic news announcements, but also to summon up from files company data, switch in Reuter services, Viewdata, Seefax or Oracle etc, as the man in the hot seat demands. Being in the hot seat implies that the user will not tolerate lengthy response times. So the emphasis during development at the brokers has been not to overload central processors, but to split the load, time and again between the smallest machines—including micros—so that users can get essential information fast.

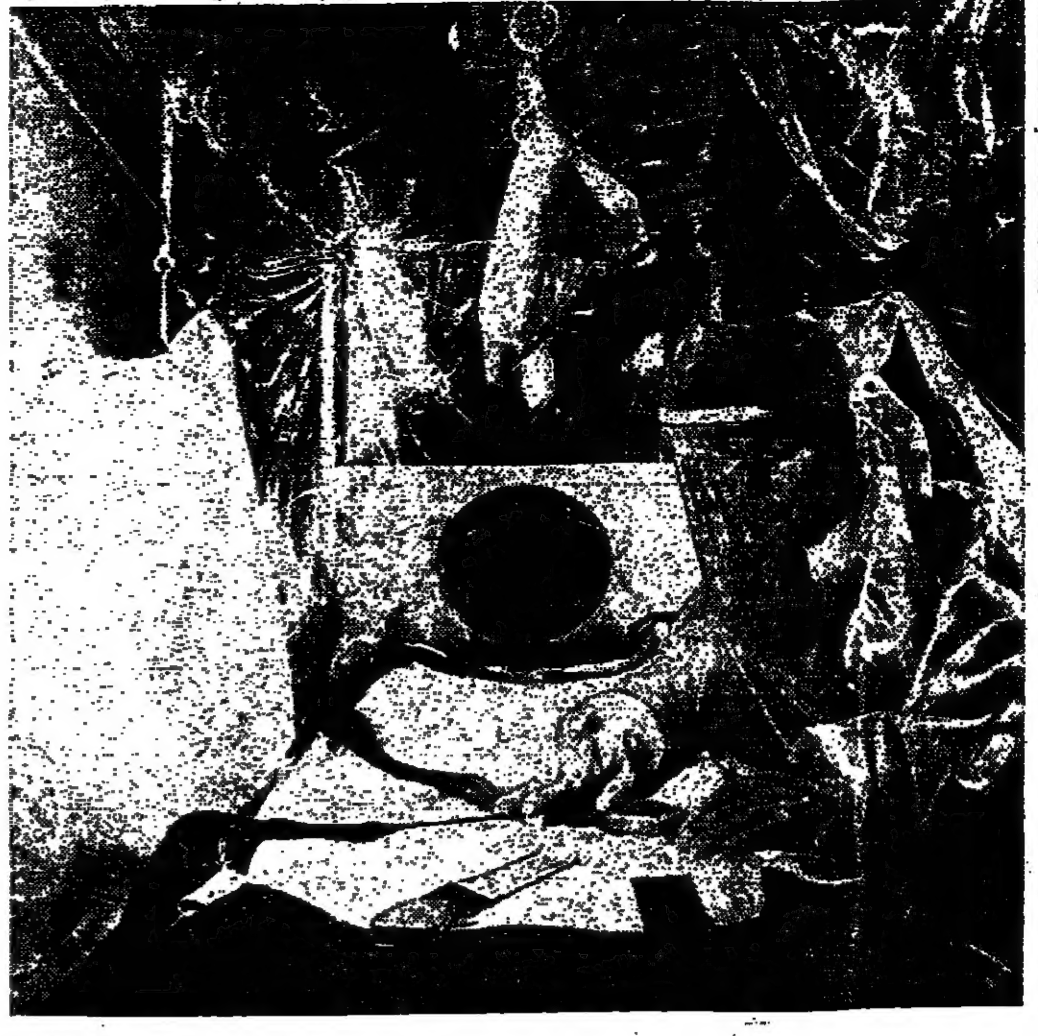
The brokers are developing this fast response system and moving outside the UK range so that they will be able to go to potential customers and point out the latter's need to sell, for instance, Eurodollar bonds, which they have tended to hang on to, in favour of more profitable holdings.

Most of the systems work it has done has either liberated users from the dominance of the very big computers with their associated heavy hardware and software costs; or it has introduced new users to systems operating on minicomputers, or minicomputers plus microcomputer support.

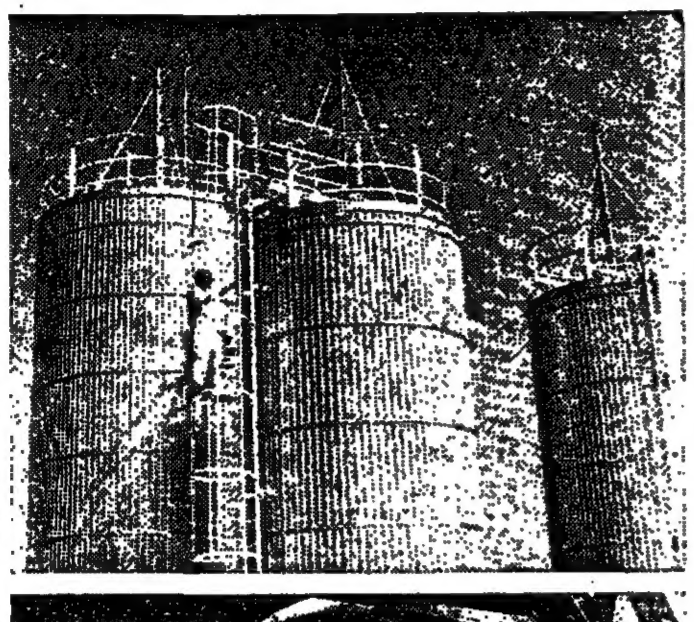
Several of the systems being used or introduced by Laurie, Millbank belong to the latter category and while it is not yet possible to disclose who the new potential users are, the five companies who have taken the latest information handling product from City Computer include some of the best-known names in banking and/or stockbroking.

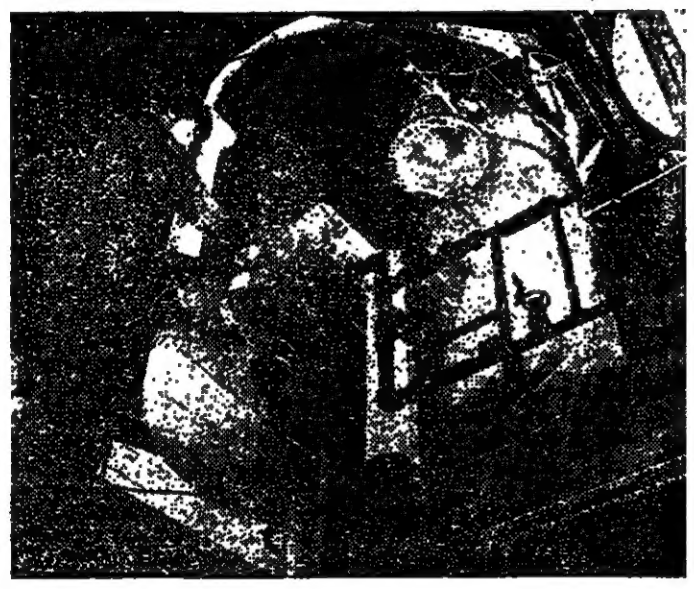
Without going too deeply into detail, the systems evolved for use by the brokers are intended to provide, at the lowest possible cost, an instant information switching facility which allows salesmen to conclude advantageous contracts on the basis of the most recently updated knowledge.

Further details from A. J. Trustram Eve, Laurie, Millbank and Company, Portland House, Basinghall Street, London, EC2 (01-606 8622).



**ABOVE: The Royal Australian Air Force is evaluating this equipment designed by Vickers Medical of Basingstoke, Hants, for patients with suspected highly infectious diseases who require long distance transportation by air. Vickers says it has been approved by the UK Civil Aviation Authority after development undertaken with British Caledonian and that it has already been used by the United States Air Force. Successful trials have also been carried out by the Royal Canadian Air Force. The unit has a battery-powered air supply and can be loaded into an aircraft by a forklift truck.**





**LEFT: The Dee Cee Contracts group of Dartford, Kent, is undertaking the insulation of processing equipment and pipework and the protective coating of steelwork at the Harlow Chemical Company's new synthetic emulsions plant at Stallingborough, Lincs. Protection from atmospheric and chemical attack is being given by chlorinated rubber coating systems, while vertical storage tanks are being insulated with 50 mm thick mineral wool. Once positioned this material is secured into position by means of aluminium bands. Each tank is then clad in profiled and made-to-measure aluminium sheeting positioned with 50 mm banding.**

● INSTRUMENTS

## Analysis automated

VARIAN 5000 describes a new series of microcomputer-based liquid chromatographs which the company believes offer an excellent price-performance ratio and are relatively easy to use.

There are six models in the range starting with the 5010, a basic unit for analyses that require only isocratic elution and in which digital thumbwheels set flow rate and pressure, and ranging through instruments that offer facilities such as gradient ability and a number of automated facilities.

Top of the range model 5020 has features such as interactive CRT—keyboard control, continuous read-out of operating conditions (or the analysis program), self-diagnostics, and a large memory which stores up to nine analysis programs, recalled at the touch of a button.

Several of the models automate the entire liquid chromatography process including sample introduction, separation, calculation, and the final printed report.

The wide range of options make it possible to configure a model to suit a specific application.

More from Varian AG, Steinhauserstrasse, CH-6300 Zug, Switzerland.



● TRANSPORT

## Nobody at the wheel

A DRIVERLESS vehicle primarily intended for distributing goods and mail in offices, computer centres, hospitals and industrial complexes has been introduced to the U.K. by Frazer-Nash (Group Services), Burgoine House, Lower Teddington Road, Hampton Wick, Kingston upon Thames, Surrey (01-977 0051).

Using automatically detachable containers of various configurations, each battery powered unit is capable of transporting 200 kilos at 30 metres a minute and travels along programmed routes through corridors, offices, workshops, etc, halting at predetermined positions.

Called Transcar, the vehicle is programmable for use on several floors of a building using existing lifts and, since it can travel backwards and forwards, single entry lifts can be utilised.

Control of each is achieved by a micro-processor which stores all route programmes and its most important feature is said to be the simplicity of installation which only requires a passive guide tape laid on the floor (even under carpet) enabling predetermined routes to be set down with the minimum of disruption and allowing for straightforward maintenance and easy route alteration.

The car was originally designed for use in hospitals but, the maker says, its advanced safety features now make it suitable for application in industrial and office areas.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● COMMUNICATION

## Paging or two-way speech

MADE BY Hasler and available from Tele-Nova of London are units for induction loop communication that can be used for paging or for direct speech applications.

Using digital principles, the DS 2000 accommodates up to 64 transmission and 16 alarm channels at the base unit, which can handle up to 100 paging calls, or, with added modules up to 1,000.

There are three kinds of receiver, for paging only, paging with base to receiver speech, and for two-way speech communication.

The basic "bleep only" pocket receiver weighs only 65 gm and, with the transmitter interfaced with the PABX at a site paging requirements can be dealt with without manual base intervention. The system can then be used 24 hours per day without the need for a manned control position.

With a microphone and call keyboard added at base, paging and message transmission is possible.

For two-way speech a slightly larger pocket receiver is used.

More from Tele-Nova at 111 Endwell Road, Brockley SE4. (01-692 9816.)

# The Management Page

EDITED BY CHRISTOPHER LORENZ

**Kenneth Gooding** outlines a major brewer's plans to regain ground lost by its beer division

## A fresh recipe for Allied's customers

MUCH OF the scepticism about Allied Breweries' bid for J. Lyons has centred round the question of whether Allied has the management resources to cope with an ailing group outside its usual scope of operations.

It has also been pointed out that Allied has been far from satisfied with the performance of the division responsible for its main-line business — beer — and that considerable management resources are having to be devoted to putting things right.

So how is Allied tackling the problem?

Allied's beer business has 20,000 employees and owns seven breweries, as well as more than 7,000 pubs trading under such banners as Ind Coope, Tetley and Ansells. It supplies roughly 16 per cent of the beer sold in Britain.

But the division has been losing ground. Its share of the beer market has shrunk, partly because sales of Double Diamond, the keg beer which was formerly its best-selling beer brand, have dropped steeply.

One of the main elements of the reorganisation now under way is a change in structure.

Allied's centralised system dates back to what became known in the industry as the "October Revolution" of 1969, when more than 20 directors of various beer subsidiaries agreed to leave, and control switched from the old operating companies to the centre.

Like so many other members of the brewing industry's "big six," Allied resulted from several mergers. Many of the individual companies involved found it impossible to forget past commercial enmity. Obviously this rather anarchic situation had to be ended. And so it was, when the main Board pulled control back to the centre.

### Too far

But Douglas Strachan, 44, the new chief executive of Allied Breweries (UK) — as the beer division is known — feels the centralisation went too far and was allowed to go on for too long.

"The system was over-centralised, with all the bureaucracy and unwillingness to make decisions this implies. Managers must in future make decisions and take responsibility for those decisions," he adds.

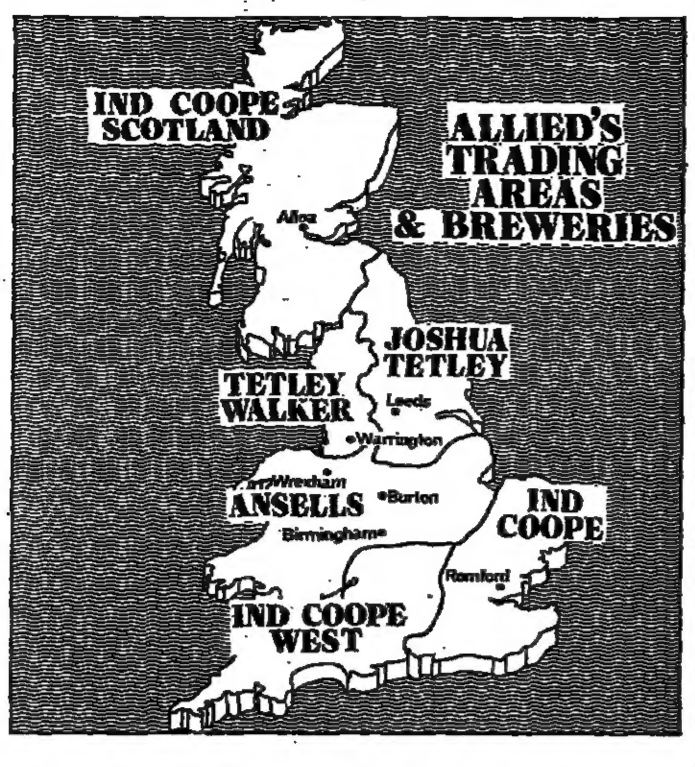
The reorganisation which Mr. Strachan is overseeing will split the beer division into 11 separate companies, each becoming independent, accountable profit centres. This is not a question of "regionalisation," something which has become fashionable in the industry lately, but an exercise in management technique.

Douglas Strachan: "For years the big brewers have misjudged what consumers want and need from a pub. . . ."

The changes have already prompted a top-level resignation. Dr. Bernard Kilkenny, formerly head of the beer division, left following differences of opinion about its future. He was one of the six-strong executive committee known as "Allied's inner cabinet." Soon after he left Allied, he was snapped up by Scottish and Newcastle Breweries to run their reorganised beer business.

Mr. Strachan, who replaced him at the head of Allied's beer division, trained as a brewer at the Heriot-Watt University, Edinburgh, and started his career with Guinness in Dublin. More recently, however, he has built himself a reputation in marketing and general management. For five years he was managing director of the Irish soft drinks, wines and spirits group, Cantrell and Cochrane. Then, in 1972, he joined Allied's wine and spirit division as commercial director. He moved to the beer division as Corporate Affairs director in the summer of 1977.

His views on some aspects of the brewing industry are not typical. For example he insists that "for years the big brewers have misjudged what consumers want and need from a pub. The customer sees the pub as an extension of his own personality and he doesn't want the big brewer to impose the brewery identification mark on it. There has been a gulf between pub goers and the brewers in this respect."




Mr. Strachan says that from now on Allied will be commissioning much more research into the way its pubs can reflect the needs of the customer.

"The extreme view is that each pub must be different. Watney has taken this approach. But whatever the solution, we must protect the integrity of established pubs."

### Real ales

"There has been a rapid increase in demand for lager and increasing demand for keg beers, particularly in the North. These beers could not have made the progress they have made unless the consumer demanded them. But thanks to CAMRA there is also a quite different sort of demand for real ales.

"The whole industry was too slow to react to CAMRA (Campaign for Real Ale). We missed the point that CAMRA made beer news again. And Allied itself should have been much quicker to introduce beers like Ansell's Aston Ale."

As for the structural changes now taking place in the beer division, Mr. Strachan insists that "nothing particularly original" is happening. "The only way to run a large organisation is to give the operating company managers the chance to make their own decisions and to take responsibility for those decisions without being bogged down by an over-centralised bureaucracy."

One important change which reflects perhaps the new, more commercial approach, is that the Burton-on-Trent Brewery—the largest brewery in the UK, with an output of 3.5m barrels (roughly 10bn pints) a year — is to become a separate profit centre. Burton will sell its beer to the operating companies at an "arm's length, open market price. So we will see where the profit on the beer is really earned."

Mr. Strachan promises there will be much more beer transferred within Allied at open market prices in future. And, although details of the beer division's results have not been disclosed in the past the financial results of the new regional operating companies will be made public in future. "Profitable companies will get the investment and the unprofitable won't."

The structural changes in themselves will by no means provide the answers to all Allied's problems. "But we will get more enthusiasm from local managers and they will enjoy their jobs much more than if they were always being told what to do by the head office."

If Allied is to stop the decay in its market share it must have the right brands to offer. Mr. Strachan believes that although Double Diamond has had some setbacks it still has an enormous following. "DD is still a very important brand for us."

Skol lager is now Allied's best-selling beer but Allied has some way to go before catching up Bass Charrington on the lager front. Around 30 per per cent of Bass's output is lager.

As part of its competitive drive in this sector, Allied's distribution of draught Lowenbrau lager, found mainly in the South East today, will "go national" later this year. It will also stake its claim in the low-carbonate lager business with a test marketing of Arctic Lite.

There has been a feeling, both inside Allied and among some observers, that its pubs have not been getting their fair share of the group's enormous investment programme, which reached a peak of £16.4m for 1977 and 1978. Mr. Strachan believes that the heart of the division's business is the beer its sells to the tenants and managers of its own pubs, the "tied" outlets. "If you are not doing well in your tied pubs you are really in trouble."

So investment in the pubs has a top priority, but within the context of the research to be carried out on the kind of pubs the customers are really looking for.

Allied in recent years has been dogged by strikes. The worst, an inter-union dispute at Birmingham, cost around £6m of profit in the 1976-77 financial year. The main longer-term impact of such disputes, however, is that the important "free" - (non-brewery-owned) trade loses confidence in a brewer's ability to supply and switches to another source.

Mr. Strachan is cautious about this problem. Allied is still considering its future industrial relations strategy. But he admits: "We have spent too much time firefighting and not enough on fire prevention. There has been too much top management interference with regional problems in the past. This must change."

One indication of the new approach came in May this year when Allied stopped making productivity payments to 1,100 at the Birmingham brewery, claiming that the promised productivity had not been achieved.

Mr. Strachan suggests that a "firm and strong" approach is one the unions appreciate. On the other hand, Allied must in future be prepared to disclose much more "sensitive" information to employees so that they can understand more clearly the reasons for management decisions.

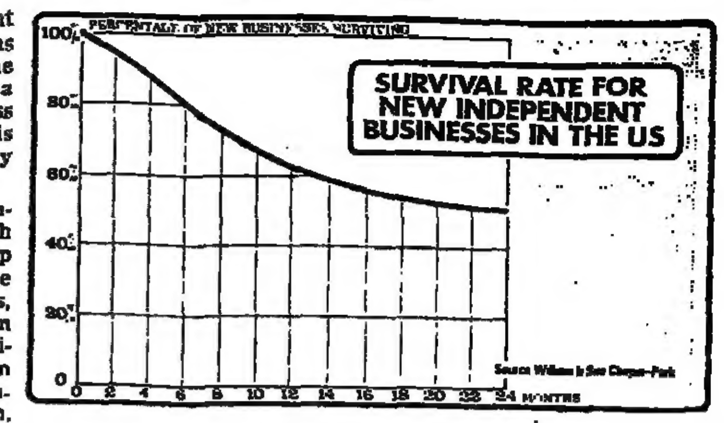
And, returning to the theme of service to retailers, he maintains that comparatively more will be spent at the distribution depots to improve their efficiency. Each depot will agree customer service targets, and failures will be reported back up the line. "I will be wanting to know about major failures. I find a letter from the boss in such cases can have a salutary effect."

The beer division changes come fully into effect when Allied starts its new financial year on September 25. In spite of the "very great sharpening-up that is goin on" it would be wrong to expect too much too soon. As Mr. Strachan points out: "Major improvements don't happen overnight in a large organisation. We will spend the first year settling down. Even so, there should be a noticeable improvement in year one."

## U.S. acceptance of failure creates climate for small company expansion

THE CONCERN for the plight of small businesses that has become so fashionable in the last twelve months reflects a growing awareness across Europe that the decline in this important sector of the economy must be arrested.

With Harold Lever's recommendations to the British Government on how to help create a more favourable climate for smaller businesses, and last February's Notenboom report to the European Parliament proposing changes in tax and social security contributions to encourage their growth, this long neglected sector finally began to receive some of the official attention it so obviously deserves.




### Lack of debate

Across the Atlantic, supposedly the harbinger of tomorrow's European business trends, there has been a relative lack of debate about the social and economic restraints on the development of the small business sector. It would appear that in the U.S., famed for both its big business giants and its aggressive entrepreneurial talent, the small businessman is continuing to thrive alongside his bigger brothers.

There are currently around 1.8m retail businesses in the U.S., with some 30 per cent of them doing less than £16,000 worth of business a year; 65 per cent of these firms employ less than four people. This might seem to indicate that America is more of a nation of small shopkeepers than its popular big business image suggests.

Evidence of this comes from a newly published book* on how to start your own business successfully. Aimed largely at those who plan to set up their own retail or service operation, the authors reveal some interesting statistics on the U.S. small business scene.

Using the American Small Business Administration's definition of small as an enterprise whose average annual number of employees does not exceed the average for its particular sector, and never exceeds 1,500 people, small businesses actually encompass over 98 per cent of firms in the U.S. Out of some 13m businesses in the U.S., two thirds have an annual turnover of less than £15,000, with some 10m being owned by one person.

According to the joint authors of the book, William and Sue Chapin-Park, themselves self-made entrepreneurs, the greatest single motivating factor enjoyed by those who set out to make their business fortune is the desire for social and economic independence.

But if the social and economic environment on the other side of the Atlantic encourages many individuals to take the new-business gamble, the reverse side of the coin is that for many the risk results in bankruptcy.

### Venture capital

Certainly, say the authors, a principal cause of small business failure in general and new businesses in particular, is inadequate financing. The current debate in Europe on the role venture capital has to play in helping to foster innovation and new businesses often fails to take into account the fact that in order to find a few winners you have to back a lot of ventures which turn out to be losers.

In the U.S. this is exactly the position: a lot of runners, a lot of losers, but still a considerable number who pass the finishing post. Of the 20,000 new businesses started every year one third of the new independent ones never make it beyond the first 12 months, and only half are still going after two years.

It is not so much the inability to obtain adequate funding as plain bad financial management which is the main reason for early failure. One of the most common mistakes which result in first year collapse, say the authors, is the entrepreneur's underestimation of the amount of working capital he is likely to need.

### Bewildering

Starting a business for the first time can often be a bewildering and complex experience, but as the authors point out, "people don't plan to fail, they fail to plan."

And here the book fulfills an obvious need: it aims to provide the entrepreneur with adequate information properly to plan his venture. Though much of the financial and statistical evidence is of limited use to the non-U.S. businessman, the major part of the book presents in clear and simple terms the general principles of selecting, starting and managing a small retail or service business, and as such is an invaluable introduction for the would-be entrepreneur to the techniques of financial analysis and manpower management.

**How to Succeed in Your Own Business: William Park and Sue Chapin-Park: John Wiley and Sons, New York, 1978, £11.50.*

**Richard Cowper**

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

### A company of straw

**I am thinking of buying a smallholding alongside which is an unmade road and which, I gather, may be made up between 10 and 25 years hence at a cost to the owner at present day prices of £20,000. Will it be possible to buy the smallholding from a company of straw, and sell it to this company, so that there would be no funds in the company to pay for the road?**

The course which you suggest is posible, but the unpaid road charges can be charged on the frontage land, so that the smallholding might be sold to discharge the outstanding road charges once they have been incurred. Section 209 of the Highways Act 1959 also enables the charges to be ordered to be payable by the transferor (vendor) in a case such as you envisage.

### Planning refusal

**Outline planning has been refused for the erection of a detached house and garage on a garden plot fronting on an admitted "ancient highway" which provides the only access to the site, solely by reason of the fact that it is "an unmade track and not suitable for further vehicular use." Is this a valid objection? If it is not, is it possible to have this refusal set aside without the delay and expense of the appeal procedure?**

If the refusal did not specify further grounds (e.g. sight-lines or means of access onto the highway) it would appear that the ground of refusal is invalid. However, as the decision of the planning authority is not a conditional grant, but a refusal, the only method of securing the requisite permission is by way of appeal.

### Insurance tax

**In 1968 I took out a Guardhill Endowment Assurance Policy paying £100 per annum for ten years. The policy matures in August of this year.**

**I am informed by the company that there will be reduction of 13 per cent of the amount by which the value of the units exceeds the total amount deemed to have been applied in the purchase of units "on account of the company's liability for tax on the capital appreciation of the units."**

**In view of the new capital gains legislation is this correct? If so can anything be done to avoid it?**

The answers are briefly yes and no, respectively. In fact, this point was explained in a reply published in the Finance and the Family column in June 23, under the heading "Corporation tax on gains"; since that reply was published, the Government has refused to give insurance companies relief from the forthcoming increase in their effective tax burden from 13 per cent to 20 per cent. The debate on Mr. Nicholas Ridley's proposed New Clause 23 is to be found in columns 1377 to 1382 of Hansard for Tuesday, July 11 (Volume 953, No. 151: 40p, or 55p by post from HMSO, P.O. Box 569, London SE1 9NH) if you are interested.

*

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*



LOMBARD

# Tory quest for a Chancellor

BY SAMUEL BRITTAN

THERE HAS been some discussion among political commentators about who should be Chancellor of the Exchequer if the Conservatives form a Government. There has also been some discussion of the possibility that even if the Conservatives are the largest single party, they may not have an absolute majority.

But hardly anyone has gone on from here to the next step of linking the Conservative arguments over the choice of Chancellor of the Exchequer with the possible need for Ulster Unionist support. Yet once one mentions it, the link is obvious. For by far the most prominent Ulster Unionist happens to be a politician who in terms of Ministerial experience (he is a former Financial Secretary), reputation, interest, and—not least—record for being right on economic matters, is outstandingly qualified for the job. Mr. Enoch Powell, of course.

Some people may think the idea outrageous, but it would pay to think before rejecting it. If it were to happen, the Ulster Unionists would acquire a top-level seat in the Cabinet and the Conservatives would be able to plead political necessity for inviting to No. 11 someone who is highly qualified for the post in any case. It may be that the offer would not interest Mr. Powell or that he would make undesirable conditions on other subjects. But if it were made and accepted his potentiality for good would be maximised and for harm minimised.

## Connection

However uncomfortable the thought, Mr. Enoch Powell happens to have seen the connection between money and inflation and the futility of pay policies when such views were regarded as crankish beyond belief by conventional moderate opinion. Even now he puts the essence of the matter better than most, with no evasive talk about attempts to "educate" people about pay restraint through Select Committees or NEDC. For instance in a speech on July 28, Mr. Powell said:

> It almost passes belief that the Government's White Paper published recently under the stupid title "Winning the Battle against Inflation." did not once refer to money supply, although Ministers have been loud in declaring that the inflation of 1974-76 was caused by the increase of money supply in 1972-74. Deception and folly could hardly be carried further. Or could they?

Then again, on a related subject, he added an economic truth with which "informed" public opinion is only now beginning to catch up.

> The basic condition of unemployment is that the real value of money earnings—labour cost, for short—is a trifle too high to clear the market, that is, for all the labour on offer to be taken up.

Interestingly enough the economic case for Mr. Powell at No. 11 depends on some of the qualifications and extensions of pure monetarist doctrine. How far will a given restriction of the money supply hold back prices in the short term and how far will it run to waste in unemployment? It is accepted in the most highbrow circles that the key is expectations. If people expect a given monetary target to be upheld despite all difficulties, and believe in the effect of monetary policy on prices, then the transitional unemployment may be small. Indeed it may be negative, as unemployment may actually fall if people begin to make their plans on the assumption of a low and stable inflation rate.

Who would be more likely to discourage unions from pricing their members out of jobs? A politician of either main party involved in all the U-turns and retreats of the past decades? Or Mr. Powell who resigned from the Treasury more than 20 years ago, together with Lord Thorneycroft, over inflation? The mere sight of Mr. Powell emerging from No. 11 could well produce much stronger effects on the financial markets than a normal, conscientious Labour or Conservative politician.

Mr. Powell, saying that he does not control employment could be better for jobs than any number of Ministers arguing over job creation schemes or lecturing NEDC on the interrelations of a Treasury forecast. Nor could it realistically be said that the choice of Powell would increase the risks of confrontation with the unions. He is after all the one "Right-wing" politician with a large working-class following.

The imagined contingency may never happen. Labour may win or the Conservatives may get an absolute majority. Nor can one be sure that Mr. Powell would have today the same charisma as Chancellor as he would have had in the days when he was mainly associated with economic subjects. Too much water may have passed under the bridge. But that is no reason for not making the experiment in the right circumstances. It would be wrong to let pride, hurt feelings or self-righteousness be an obstacle to what could be an opportunity to chart a new course in economic policy.

# Polythene extends the season

GARDENS TODAY

BY ROBIN LANE FOX

THE NURSERYMEN'S trade, it will not have escaped you, has been quite altered by the humblest of all inventions, a folded strip of black polythene. I still write here of planting seasons, of the best moment at which to move a herbaceous plant, an evergreen Rosemary or a dormant rose. But most of you gardeners now buy plants on sight, wrapped in the polythene "container" of the garden centre.

Few trades have had their seasons extended so simply by such a small innovation. If these "container" plants have been potted on suitably and allowed to take root, there is no reason why you should not buy and plant as late, even, as August. The plants are bigger by then, for you are less likely to hit on those new spring transplants which sell without much root in May as if they had been container-grown for a whole year. The prices, to my mind, are as high as a cheeseburger's but nobody else seems to mind about that nowadays. They all move happily.

I have kept plants in polythene for a year before finding a home for them. A little water goes a long way, as the polythene keeps the roots pleasantly damp. Plants which sat in polythene through summer 1976's drought are all growing quite freely with me now. I dare say that you would all make more money by buying forward several years stocks of border-plants in black polythene than by going bust on National Savings Certificates and the rest. If you cut a container-grown plant in two, you will very soon have two container-plants. Not so a Savings Certificate.

Which, then, are good buys at the moment? Looking over one of our biggest garden-centres recently, I was especially tempted by one sort of *Potentilla*. I was also persuaded that I had long been right about another. August is a good time of year to be thinking of these *Potentillas*. Oddly, I find that the best of the shrub varieties, the clear yellow-flowered *Elizabeth*, will take root from cuttings taken with the flowers still on them in mid-August more easily than from cuttings at any other time of year. It is well worth taking some six-inch side-growths from a woody main branch and pulling them away with a heel of harder wood and lining them up over the next fortnight in boxes of light sandy soil.

They are such useful shrubs, always in flower from late June until October. They will grow anywhere. Elizabeth's flowers are big, clear and the best yellow in the family.

In their polythene holders, the shrubby varieties are all now showing their flowers. If you wish, as I do not, to look further than Elizabeth, this openness is most convenient. The various colours are variable. It pays, then, to choose your plants in flower, most easily done in a show of container-stock. Among the oranges, Sunset is less perplexing than Tangerine. Tangerine, I find, will turn to a clear yellow in hot weather, a less impressive yellow than Elizabeth's. No doubt, by now, you will avoid Red Ace. This "red" shrub *Potentilla* has lived up to the poor comment I passed on it when it first appeared. It is not red at all. The celebrated burglar who stole a piece on its first show-appearance would not have been caught red-handed. It is, at best, orange-flame and moderately small-flowered.

There are some excellent buys, however, among the herbaceous sorts. There is good container stock of this around and it can all be seen at its best in August. These are the *Potentillas* which spread their trailing stems widely over the ground, each ending in a flower which suggests at once the flower of the Strawberry. They die back to a central clump of leaves, some of which are very handsome. The basic one here is a silvery one called *Argyrophylla* which grand gardens now use as a foliage plant to block the weeds. Its leaves will last far through the winter.

You and I would be drawn first to the flowering sorts. Gibsons Scarlet is self-explanatory, single, bright red and trailing far and wide with fresh green stems. Miss Willmott I have now thrown out. Good in her day, she is up to two feet tall and too briefly in her cherry-red flower. Others, I think, are now better, above all the old French hybrid Glory of Nancy.

This is as good a buy as Elizabeth among the shrubs. Its parentage, I think, is not certain, though old *Argyrophylla* must have played a part. The leaves, then, are silver and the season of the wide double flower is preciously long, lasting from July till late September. Flame-orange William Rollinson is almost as fine, but Nancy has a bigger and more varied flower, crimson and gold in combination. She spreads quite loosely in any soil, even in half-shade.

I find that most herbaceous *Potentillas* dislike very dry weather, like *Geums*. Relations of the Rose, they are not naturally deep-rooted. But they smother the weeds and look well on slopes or the border's edge. I cannot now have too much of them. Plants of such modern virtues, so well suited to black polythene life, it is odd that they have attracted so little attention from the breeders who have focused on the shrubby sorts and overlooked all that the French masters had produced in the border kinds some fifty years ago.

# Invalids scheme response poor

FINANCIAL TIMES REPORTER

THE GOVERNMENT is "decidedly disappointed" by the lack of reaction among employers to a scheme introduced last year to provide money for modifying premises and equipment essential for the recruitment of disabled workers.

The statement made by Mr. John Grant, Parliamentary Under-Secretary for Employment, highlights the difficulty in finding jobs for the physically handicapped during a period of high unemployment.

Under the scheme £600,000 has been made available to provide ramps in place of stairs for people in wheelchairs, variable height work benches, special toilet facilities and so on. An individual grant for these modifications could be as high as £5,000 or 70 per cent of the capital cost incurred.

The Manpower Services Commission, which administers the scheme, said: "The figures show how slow the take-up has been. Up to August 9, only 48 employers had made applications and the amount spent on modifications was just £30,469. It is a tragedy that there should be so little interest."

All companies with more than 20 or more employees are required by law to have not less than 3 per cent of their staff recruited from the ranks of the registered unemployed. There are more than 3.5m disabled in Britain.

# Howe stresses tax cuts

BY OUR LOBBY EDITOR

SIR GEOFFREY HOWE, shadow Chancellor of the Exchequer, reaffirmed yesterday that a main election plank for the Conservative Party will be a promise of a substantial cut in income-tax.

In the September edition of Conservative Monthly News, Sir Geoffrey partly blames the tax system for Britain's economic decline. He says that a Tory Government would cut personal income-tax, to reward hard work, investment, skill and enterprise, and envisages a top rate of 60 per cent on earned income.

He says that Government borrowing would have to be reduced and indirect taxation raised. The Government would protect the living standards of those such as pensioners who had no additional earnings.

# Greenland Park with Piggott may win Lowther Stakes

RACING

BY DOMINIC WIGAN

ENSTONE SPARK, a 33-1 chance, lifted last year's Lowther Stakes before going on to another unexpected victory in the One Thousand Guineas and I would not be in the least surprised to see Greenland Park achieve the same double.

The William Hastings-Bass filly, who sprang to prominence when battling on really tenaciously to land Royal Ascot's Queen Mary, could hardly have followed up with greater ease at Goodwood towards the end of last month.

There the crack Australian rider Harry White was content to let her lose an early advantage in order to find an opponent against which to race before easing the Newmarket filly back into the lead a furlong from home. At the post Greenland Park had two-and-a-half lengths—a distance which could have been doubled—to spare over Lester Piggott's mount, Miss Zadig.

Piggott, now deputising on Greenland Park for the absent Australian who will, however, be back on board for the 1,000 Guineas, is likely to employ similar tactics here, bringing Greenland Park to win her race close to home.

I give the combination a confident vote over Miss Zadig's stable mate, the once-raced course and distance winner, Yes Please.

All the leading firms have reported well above average interest in the Ebor sponsored by the Tote and here I am prepared to rely on the heavily backed trio made up of Meistersinger, Lorelene and Georgian Girl. Opinion from Newmarket seems to be equally divided concerning the respective chances of Jeremy Hindley's three-year-old Meistersinger, and the year older Luca Cumani filly Lorelene.

With more hope and confidence I take Meistersinger, the subject of glowing work reports, to underline his St. Leger prospects. However, should there be further rain in the area, it could well pay to follow the last couple of days' run of money with an interest on Ron Smyth's filly Georgian Girl. With just 7st. 8lb she will be receiving a good deal of weight from the Newmarket pair.

YORK

2.00—Black Realm
2.30—Greenland Park**
3.05—Meistersinger*
3.35—Whitstead
4.05—Gaelic Affair
4.35—Spithead Review
5.05—Hill's Yankee***

# TV/Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Grange Hill. 10.35 The Islanders. 1.30 pm Fingerbobs. 1.45 News. 4.18 Regional News for England (except London). 4.20 Play School (As BBC-2 11.00 am). 4.45 Pink Panther. 5.05 Young Explorers. 5.35 Captain Pugwash.
5.40 News
5.55 Nationwide (London and South-East only).
6.20 Taste for Adventure.
6.50 The Wednesday Film: "The Canadians," starring Robert Ryan.
8.10 Z Cars.
9.00 News.
9.25 Loose Change.
10.15 Athletics: The Rotary Watches International Games.
10.55 Come Dancing.
11.33 The Sky at Night.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.05 pm "Hiss and Make Up" (Cartoon). 5.10-5.35 Pen Draw'r Byd. 5.55 Wales Today. 6.20 Newydd. 6.25-6.50 Pawb Yn Ei Fro. 11.55 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
7.20 Gharbar.
11.00 Play School.
4.55 pm Open University.
7.00 News on 2 Headlines.
7.05 Erica on Embroidery.
7.30 An ABC of Music.
7.30 News on 2.
7.40 Rhythm on 2.
8.10 Brass Tacks.
†9.00 Films of the 40s: "Quiet Wedding," starring Margaret Lockwood and Derek Farr.
10.30 The Life of Jomo Kenyatta.
11.10 Late News on 2.
11.20 The Bloxham Tapes.
12.10 am Closedown (Reading).

## LONDON

9.30 am Elusive Butterflies. 9.55 Talking Bikes. 10.20 Oscar. 10.20 Holy Ganges. 10.50 Nature of Things. 11.45 Cartoon Time. 12.00 Cloppa Castle. 12.10 pm Hickory House. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Platform. 1.30 The Rolf Harris Show. 2.00 Summer After Noon. 2.25 Racing from York plus Swimming and Diving (World Championships). 4.20 Michael Bentine's Potty Time. 4.45 Search and Rescue. 5.15 Gambit.
5.45 News.
6.00 After Noon in Action.
6.25 Cartoon Time.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Best Sellers. The Aspen Murder (part 3).
10.00 News.
10.30 Best Sellers, The Aspen Murder (part 4).
11.30 Swimming and Diving (World Championships).
12.00 Lou Grant.
12.55 am Close: A painting by Goya accompanied by the music of Juan Martin.

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

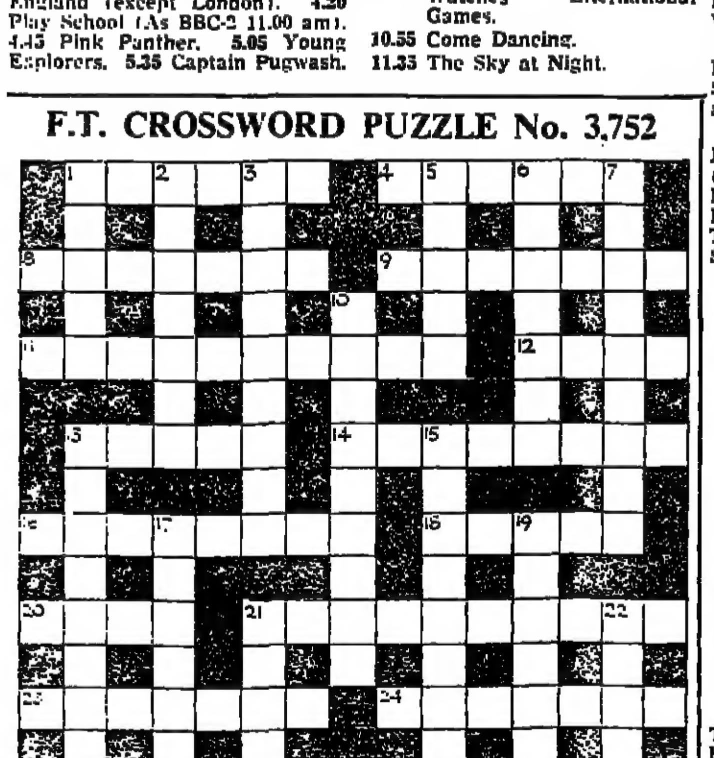
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

## F.T. CROSSWORD PUZZLE No. 3,752



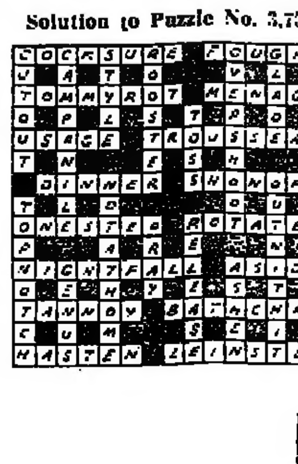
ACROSS

1 Dad includes an idol in the temple (6)
4 Prohibitions Bill for wine (6)
8 The others I've followed with uneasiness (7)
9 Artisan is upset by the singer (7)
11 Youths fall over in their drinks (10)
12 A type of sugar used by the intelligent (4)
13 An exclamation with sticky implications (2,3)
14 It may be shocking to return the Irish Police (8)
16 Burlesque effort about a garment (8)
18 Looks a horse in the face—the infidel! (5)
20 Just beautiful and fine (4)
21 Right in the middle of a dull community (4,6)
23 In the meantime I'm stuck at the end of the examination (7)
24 "To the high—where kingly Death keeps his pale court" (Shelley) (7)
25 Doctors include stern outlines (6)
26 Stop the flow of Laurel in front of church (6)

DOWN

1 Tuck to digest after a record upset (5)
2 "And with all thy — get understanding" (O.T.) (7)
3 They give safe illumination down under (4-5)
5 Muhammed is bound to like the pseudonym (5)
6 Red coterie gets Charles inside (7)
7 Vehicle race bloomer (9)
10 The advent of Christmas is so acknowledged with thankfulness (4,1,4)
13 Came to terms and revealed the advantage within it (9)
15 Anticipate the worker hopefully (9)
17 The girl is coming round the mountain with a plant (7)
19 The flower for a fellow Scot (7)
21 Trend of the doctor with one foot (5)
22 Part of the river right for every one (5)

Solution to Puzzle No. 3,751



# ENTERTAINMENT GUIDE

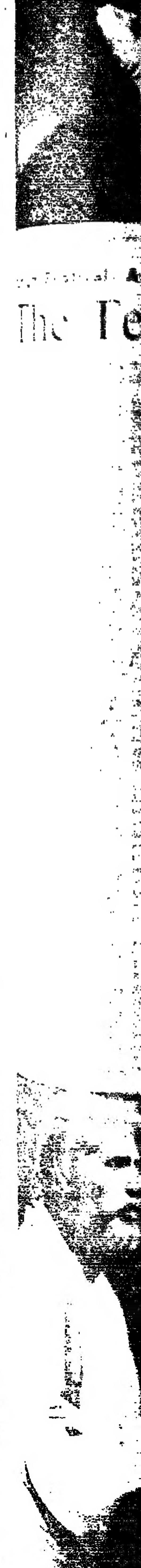
CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES



Television

# Taking the broad view by ARTHUR SANDLES

The main difference between those who watch television professionally and those who do so for relaxation is the programmes they choose. Reviewers scarcely ever turn their attention to *Crossroads*, *Coronation Street* or seaside variety shows—and yet these are the very programmes which each week slide into their accustomed places at the top of the audience ratings. It is a salutary experience for the observer of the television scene occasionally to have his programme selection done for him.

What this is leading up to is the news that for much of last week I was trapped on a boat on the Norfolk Broads, doing my television watching on a small but remarkably efficient black and white portable set. Programme selection was out of my hands resting instead in those of my teenage and sub-teen daughters. Various preconceptions were destroyed and spheres of personal ignorance on my part revealed. Perhaps the worst moment was when I thought I was safe at least in saying "let's watch the *Kenny Everett Video Show*" only to be told firmly that "his jokes are silly and the music he plays is old fashioned."

Such reprimands came only, of course, when I was not being told that watching television while in the midst of such superb scenery, surrounded by wild duck and deep in Norfolk country silence was really unforgivable.

At one particular time of each day the girls would abandon their father altogether. It was in the early evening when they saw it as their task to unload as much of the week's supply of food as possible over the side and into the eager beaks of passing wildfowl while I tried to counter my newspaper withdrawal symptoms with radio and television news. Preconception one was destroyed pretty quickly by this experience—London is not the news capital of Britain.

*About Anglia* really is a very good programme indeed. While Thames Television clearly believes there is nothing in its contract area worth news attention in August, Anglia manages to put out a highly professional, informative and entertaining show at 6 o'clock each evening. When taxed with the question Thames executives tend to mutter about the main news soaking up much of the London news and of the difficulty of presenting a homogenous view of such a varied area. The real reasons may be the unpalatable ones that Thames sees itself as a network giant rather than a London regional station, and that the area is geographically too large for one company anyway.

Anglia would seem to be a very lively organisation indeed, now that I have seen the appalling *3, 2, 1* (Yorkshire, networked on Saturdays) I even have a soft spot for its *Sale of the Century* (cries of "intellectual arrogance" from daughters off-stage). The main programme which the rest of Britain, and much of the world, sees from Anglia is, of course, *Survival*, a programme prepared with an enthusiasm, almost a love, which somehow seems missing from such alternatives as Cousteau.

But it is in its linking and in the local news show that Anglia declares its identity. As if to show that the area it covers is pretty big too, one night it had an entertainer who had kept the Luton airport delayed passengers happy and switched to hard news doorstepping at John Stonehouse's coastal hospital forecourt, all nicely linked from Norwich by such unflappable professionals as the delightful Jane Probyn. What a let down to return to the capital to find no night news show which might cover: how residents might be protected against being caught up in Middle Eastern cross-fire; what the impact of the East End social workers' strike might be on old people; all the fun of the London tourist season; and something from the deep bag of incident and crime in an area which is rich in material.

Perhaps this mood of irritation was really confirmed by the clash which Fleet Street in general had with both the BBC and the ITV companies towards the end of last week. Both sides produced their packages of autumn programmes and then came over all silly and childish about when these programmes were going to be shown—"we don't want the competitors to know." The BBC was slightly more forthcoming than ITV in revealing pretty fully what was going to happen on Saturday nights, but the ITV team just clutched its cards to its chest and seemed shocked by the animosity this attitude produced. Since, in fact, both sides have a fairly detailed knowledge of what the other camp is up to, the only people left in ignorance are the viewing public.

Meanwhile Page 49 of the current issue of the U.S. show business magazine *Variety* shows precisely the autumn network schedules of the U.S. channels. Are they really less competitive than UK channels?

Even if we are being kept in the dark about what is coming when, the ITV package for this autumn looks particularly appealing. If what we are being offered is the combined results of a prosperous commercial network, and the looming prospect of everyone having to reapply for their contracts, then let's have more prosperity and more frequent contract renewals.

What is particularly impressive about the menu for the coming months is the depth of drama and documentary content. Television's plundering of the history books continues with the Thames series on Edward VIII and Mrs. Simpson; London Weekend having 13 looks at Lillie Langtry; and ATV, fresh from Shakespeare and Jesus, is going to give us Ian McShane as Benjamin Disraeli. ATV has also made a new series of Saint programmes, this time with Ian Ogilvy in the old Roger Moore role as Simon Templar. As to Mr. Ogilvy's abilities as an interpreter of this classic part we shall have to wait and see but if the fact that ATV's supply of pictures of the said gentleman has failed to keep pace with the rate at which they are removed from my desk by admiring (of him, not of me) females is any indication, ATV has a winner.

Particularly tempting in the dazzling documentary list is Thames' ten films with Dr. David Bellamy off on his talkative way through jungles, deserts, mountains and marshes looking at the evolution of man and his dependance on the botanic features of our planet.

At a more earthy end of the documentary scale is an ATV look at Lucas Aerospace workers' plan for life after commercial death. Two one-hour programmes are likely to spark off a much wider debate of an issue which has tended so far to be brushed aside in the corridors of power.

Less impressive is the comedy and light entertainment array, which is spectacular in name terms but little else. I suspect that the average age of the star list offered by ITV this autumn is considerably nearer 50 than 30, suggesting that the network is not doing as much as it might to develop new young light entertainment talent. As a network ITV has also opted out of pop music in any real sense. If Kenny Everett is *passé* in their eyes, I cannot see my trio of brats being particularly delighted by the prospect of Max Bygraves, Vera Lynn or the Peter Knight Orchestra playing songs from the shows. It will be back to the wild-fowl for them.

A mouse lemur recently featured in Anglia's 'Survivay'

Leonard Burt

Raymond Westwell and Hilton McRae

The Other Place, Stratford-upon-Avon

# The Churchill Play

by MICHAEL COVENEY

Howard Brenton's clenched fist of a play was first seen four years ago at the Nottingham Playhouse when its grimly prophetic picture of life in a 1984 English camp for civilian internees captured a mood of growing public concern over the Irish situation, rampant inflation and public vandalism. As the quality of English life remains a sad, over-played joke and the streets of our cities are as mean and joyless as at any time in living memory, the central image of the play remains bleakly pertinent. You could quibble over the "It could happen here" element in the piece but not, on the evidence of Barry Kyle's insistently belligerent production for the RSC, with its raw imaginative power.

Churchill is lying in state, his catafalque draped in a Union Jack and guarded by four servicemen. The dead hero rises up and asks for a cigar. The lights change, the rebearsal is interrupted. The internees are preparing an entertainment for a visiting Select Committee from Westminster. In the subsequent scene, Brenton's major themes, structually internal to the overall picture of the erosion of civil liberties and the suppression of anger forming like a huge wen on society's face, are brilliantly exposed. Emerging with strong dialectical clarity is the issue of censorship, suddenly topical all over again (if, indeed, it ever was not): the Colonel is worried about rude or vitriolic "bits," a theme hilariously developed in the play within a play. Also, the air burns with a sulphurous examination of enmity among the ranks.

The sergeant, a trapped liberal doctor brought to wavering life by John Nettles, is confronted by the bully-boy contempt of an Ulster veteran (a really magnificent performance by Paul Moriarty), who sees running the prison as a metaphor for running the country. Dogs, rats, dissenters, all deserve a similarly brutish fate. The sergeant can only muster "Go away" as a parting shot, an evasion repeated in the face of a pathetic, mystified cry for help from the latest recruit. The other inmates include a neo-Luddite who smashed up telephone boxes in the Leeds area in 1976 (Malcolm Storry); a Glaswegian union man (Hilton McRae); a ferret-tending old man who feigns madness to cover tobacco trafficking (Bill Dean); and a journalist from Derby who hit a policeman on the picket line of 1980 (Raymond Westwell).

The journalist is to play Churchill, and Mr. Westwell's authoritative, Boothby-like command of the part is a tremendous and crucial improvement on the Nottingham version. He brings not only a dignified swagger to the "blood, sweat and toil" speech but great comic zest to the rehearsal of the Yalta summit, to be played by Churchill and Stalin in a tin bath with a human bar of soap symbolising the slippery truth.

Outside, in the damp dark beneath the walls and barbed wire, the sergeant walks his dog and his wife, outflanked again by demands for a house near Maidstone with a decent lawn and a decent future. The creeping insidiousness of all the camp represents is equated in typical Brenton fashion with the bog climate that rises along walls and seeps under the skin.

The Churchill play, like the one performed by de Sade's inmates in Peter Weiss's epic, is done *at* the audience of top brass rather than for them. Churchill is taken back to the bombed Peckham of 1940 and told, in no uncertain terms, that people won the war, not a great man. He greets a sign of abuse with a friendly wave for the snapshot album. The play is jettisoned for a break-out attempt by the internees and scenes of panic, confusion and violence are flecked with the regretful mumblings of a failed Labour MP, the colonel's placatory remark (endemic, you feel, to Brenton's view of his professional task and ironically pitched) that "a little play is a way of blowing off anger into the deep blue yonder," and general despair that there is nowhere worth escaping to. The sirens wail, the guns rattle and somebody announces the third world war. It had to end like this, in nasty apocalypse. But the downward slide has been cheered all the way.

I am most grateful to have seen this play again and all concerned are to be congratulated on boiling up a challenging, highly intelligent and frequently unnerving trip through the barricaded underground

Edinburgh Festival—Assembly Hall

# The Tempest

The Festival has now added a home-made theatre company to its home-made opera company, but not, on the evidence of *The Tempest*, with comparable success.

Edinburgh Festival Productions was organised to replace another company that fell out, but no theatrical Domingo or Berganza has been hired to lend it special distinction. Instead, we have a workmanlike company giving workmanlike productions to two of Shakespeare's more popular plays.

The choice of *The Tempest* and *A Midsummer Night's Dream* may be good box office policy, but it cannot be expected to thrill the critics, who may very well have seen both plays this season already, and pretty often in other seasons as well. The enterprise has an *ad hoc* feel about it, and something of an *ad hoc* look.

The house lights of the Assembly Hall go down at the start of *The Tempest*, and with a momentary shock we see two ageing Edwardians in tropical suits stroll on to a stage furnished only with some broken pillars and backed by a painted sail. They are soon followed by the rest of the King of Naples' party, including their jester, carrying a case full of conjurors' kit labelled "Uncle Trinculo" and the steward Stephano, who hands round drinks on a tray. Sounds of a sudden violent storm arise, the sail is jerked this way and that, and the passengers adopt various desperate poses shouting incomprehensibly.

When the sail is gone, Prospero is discovered conducting the elements like an orchestra and the real play begins. It appears to be set on some eastern Mediterranean island; the ruins suggest Greece and a wholly human Caliban is dressed as a Turk, though a very ragged one. Ariel, less human, wears an all over body stocking giving the properly spiritual impression of a sexless nude, though his punk haircut seems a little out of character.

Alan Dobie plays Prospero, very affectionate towards Miranda but very bossy to Ariel —even more so, I would have thought, than the text warrants. From Ariel's point of view, his master is a baleful man who has treated his tricksy spirit no better than his other slave Caliban, and is almost pathetical break-promise besides; yet Shakespeare, with his remarkable insight into British colonial policy, insists that Ariel should want to be loved. I do not see how he could feel that way about Mr. Dobie's curt magician, and the cry with which Adam Bareham signals his freedom when Prospero breaks his staff in two can only have been a cry of joy.

Prospero and Ariel are often seen in this production working their magic spells with appropriate gestures: it is very magic-conscious. It is a shame that the music should be so unmagical —Mr. Bareham's hoarse chanting of his songs, Marilyn Taylerson as Iris treating her lines almost as the Church of England treats the Psalms.

Janet Maw is a pretty Miranda a little over four feet high, but Jack Galloway has a somewhat unpoetic way with Shakespeare, and his Ferdinand cannot match her. At the other end of the social scale, Richard Easton's Caliban loses rather by being so unbestial. This humanity of his stresses the colonialist reference, but the director David Giles does not carry the reference through consistently.

The harpies and the masque are fancy-dress visions colourfully costumed, and no more. The music-hall Trinculo of Colin Farrell and the haughty Stephano of Jeffrey Holland complete the downstairs personnel. Upstairs, the King of Naples is given a court largely undistinguishable from one another, apart from possibly old Gonzalo, who is happily played by Paddy Ward.

B. A. YOUNG

Alan Dobie and Janet Maw

Round House/Radio 3

# London Sinfonietta

by MAX LOPPERT

Hugh Wood's Chamber Concerto (1971) brought to a close Monday's attractive Sinfonietta Prom, conducted by Hans Zender. It is a bold piece, wide-ranging and widely inclusive. Many kinds of music are accommodated within its four movements. The contrasts of tone and manner between the movements are striking. A hard-edged profusion and proliferation of instrumental detail in the first is followed (without pause) by the Tippett-like panoply of solos and small groupings of the second. The third is a passionate slow elegy, a tribute to Roberto Gerhard and a re-creation of his musical sound-world. The fourth bounds in propulsive additive rhythms to a brightly gathered finish.

When I first encountered the concerto, at a BBC Maida Vale studio concert in 1976, I felt that stylistic copiousness had diffused the cogency of thought and argument in which Wood's music is normally so strong. This time, however, the displays of instrumental colour seemed so brilliant in their teeming inventiveness as to afford, in themselves, a thread of consistency and continuity. The work is full of wonderful sounds. The second movement boasts some of the most remarkable; a long double bass cadenza suddenly joined by harp and looping bass clarinet, and an increasingly fractious trumpet solo to which horn and trombone at last provide a challenge, were particularly to be relished. It is music unfailingly sociable in spirit, exhilarating to hear as it must be rewarding to play; and so it was well suited to the Sinfonietta (who gave the 1971 premiere).

Mr. Zender, whose workmanlike podium manner draws playing of impressive musical character and substance, had earlier led Gerhard's *Libra* — warmly and thoughtfully, although the instrumentation came across less pungently than usual. Webern's Concerto for nine instruments, Op. 24, was directed with fine sense of the dramatic expression contained in each concentrated statement. The result was a performance pregnant with wit, emotional vitality, and gentle, buoyant lyricism — all the things for which Webernians love the work but which they find missing in the stringy, note-to-note readings to which it is still prone.

In between the chamber orchestra works, there were two examples of Stockhausen's brand of chamber music. *Refrain* was played by John Constable (piano), Ian Brown (celesta), and David Johnson (vibraphone). It did not seem as though they had reached the stage of finely tuned mutual responsiveness at which the soft wisps of pretty sound, interspersed with the players' cries and whispers, are forged into a continuously compelling experience for the listener. James Holland delivered *Zyklus* for percussion with address, darting nimbly around the circle of glittering metal. No more than any other performance of *Zyklus* that I have heard was this linked into an appreciable connected sense. "The supreme inventor of timbre," Paul Griffiths' programme note called the composer: on this occasion he seemed more like a timbre merchant.

Elizabeth Hall

# Schubert Encore

Before returning to the Edinburgh Festival, Isaac Stern reappeared on Monday in the South Bank's Schubert festivities. It certainly made an all-star line-up for Schubert's Quintet with two cellos, with Stern sitting alongside four outstanding younger players of today—Shlomo Mintz, Pinchas Zukerman, Lynn Harrell, and Yo Yo Ma. But, just as an outstanding solo pianist does not always make the best accompanist, so it remains debatable whether a once-only assembly of major talents can match a highly-skilled regular chamber music team of less celebrated names.

Debatable indeed. I could admire the fullness of tone—Zukerman on this occasion taking the viola, and Yo Yo Ma contributing a bass-line that was always firm but never heavy. I could admire passages of carefully planned impetus. But the first movement seemed heavy, and the relationship of its varying tempos awkward in comparison with other, remembered performances. The repetition of the long exposition was conscientious but not altogether welcome.

Moreover, Stern as first violinist was the odd man out, not only with some imperfect intonation but with some lapses in expressive value. Two only need be cited—the poor phrasing of the expansive figure just at the end of the first movement, and, four bars before the end of the second movement, the failure to make the trill and its auxiliary notes "speak" in such a way as to parallel the penultimate bar. A violinist who might not hope to rival Mr. Stern in the Brahms concerto but who simply played this quintet more often would be expected to deliver these points more convincingly.

Earlier in the evening Mr. Stern had undertaken one of those seldom-performed Schubert violin sonatas (in G minor, D.408) with Joseph Kalichstein as pianist. Here too the violin intonation was not faultless, and all Mr. Stern could do with this over-simple music was to show us that even Schubert nods. Pinchas Zukerman had stronger material, playing on the viola the sonata Schubert wrote for that freakish six-stringed instrument, the arpeggione. It is the cellists who usually appropriate that sonata, but in Mr. Zukerman's warm and fluent tone (Mr. Kalichstein was his sympathetic pianist) who could guess it to have been other than an original and splendid work for viola? In such a convincing performance one could pardon a little obtrusive toe-tapping.

ARTHUR JACOBS

St. Augustine's, Kilburn/Radio 3

# John Alldis Choir

The first part of Monday's peripatetic Prom consisted of choral music, hospitably accommodated in St. Augustine's. The clean-edged sound of the Alldis Choir took well to the church; it cast a soft glow about Bruckner's seven-voice *Ave Maria*, and Schubert's pastoral-romantic setting of the 23rd Psalm seemed to shimmer in the air. The Psalm is sweetly iced with a piano part which Antony Saunders relished, and the prescribed women's voices were enriched with a discreet counter-tenor. In Schubert's "Nachthelle," though Philip Langridge's tenor soared affectingly above the male chorus, the vehement climax came as a surprise—as if thrushes suddenly began to shout: perhaps Schubert miscalculated.

Nothing was miscalculated in his late setting of Psalm 92, composed to the Hebrew text. It has pith and weight without pomp, and a distinct Jewish flavour. Stephen Varcoe took the Cantor's solo role here with fine ruminative gravity, and the Choir sounded as closely balanced and firm as in the Bruckner. In two Gesualdo pieces—the second a motet completed by Stravinsky — the accuracy of their pitch generally commanded respect, but the exacerbated emotional climate of the music remained temperate.

Alldis and Ferneyhough's too: that transformed the concert into an occasion. I was impressed and bemused by Ferneyhough's recent *Transit* and continue to admire his Sonatas for Quartet of 1967. Some anxious study of the score of his 1969 Missa Brevis left me unprepared for its powerful effect in performance. Its sections are brief enough, often dense with curious counterpoints, which told brilliantly in this superbly prepared account, but the simplest passages are as potent as any. The imaginative force of the whole is altogether remarkable—surely calculated and seeming to owe scarcely anything to any other composer's pallette. It extends the expressive range of its dozen voices grandly, without a hint of mere experimenting and yet remains firmly within the scale of its means. An astonishing work and the enterprise of Mr. Alldis and his singers in taking it up was matched by their execution of it—lucid, sharply alert, intensely dramatic.

DAVID MURRAY

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# Playing Hyde and seek

IT IS hard to remember now the general sigh of relief with which the accounting profession and the securities industry greeted the interim Hyde gudielines on inflation accounting. After endless rows over Sandilands and Morpeth, and a long academic rearguard action in defence of the profession's original proposals to account in money of constant purchasing power, a compromise was reached which contained some features of both philosophies — a cost of sales adjustment based on actual current costs, and a gearing adjustment in partial recognition of the falling value of money.

### Partial

This very simplified system avoided some of the more contentious and complex issues raised in the old, more comprehensive Morpeth proposals, and was admittedly only a partial account of the problem. Some very difficult questions about foreign currencies and long contracts, for example, were left to one side. However, since the EEC is supposed at some stage to produce a European standard for inflation accounting, a simplified interim system makes sense. In this spirit the profession, with the backing of the Stock Exchange Council, agreed that accounts for the year ended December 31, 1977 should contain a supplementary Hyde statement.

Enough accounts for this period have now appeared to make it clear that the combined prestige of the accounting profession and the Stock Exchange is not enough to over-awe quite a number of companies. While most have complied, they have added unkind comments on the system. Some have rejected it explicitly, and some simply ignored it.

Some impatience with the whole system is understandable. The accountants produced three radically different recommendations in three successive years, and the Hyde guidelines themselves have been put forward so diffidently that companies which have been wise enough to develop their own systems of inflation accounting are actually encouraged to persist with their own notions. The Stock Exchange Council jumped the gun on some of the earlier proposals, and urged their immediate acceptance at a time when the state of accounting opinion, let alone corporate opinion, was still unknown.

Argument, then, is understandable and even welcome. This is a guideline and not a formal accounting standard, and companies which feel that the gearing adjustment leaves too little room for the discretion of directors, that replacement cost depreciation is misleading in industries with large over-capacity, or that current costs give a deceptive account of trading in fluctuating commodities should by all means say so.

Indeed, no-one would pretend that the interim guidelines are either perfect or complete; but what is not perhaps realised is that no system, however, comprehensively developed, will give an unarguably "true" picture of the impact of inflation on company finances. The original constant purchasing power adjustment was an intellectually pure attempt to rewrite the accounts to eliminate the effects of general inflation, but not of relative price movements: it was discarded on a wave of protest from management, which uses no such concept in its accounts. Current cost accounting is close to the cash flow accounting used in industrial managements, but is for various reasons misleading when applied to finance or distribution. Every general system must compromise between these conflicting principles.

### Cavalier

However, the necessary imperfections of Hyde are not an adequate reason for refusing to publish the figures, whether on the grounds that more changes are likely in future, as Cadbury Schweppes argues, or that there are still voices of dissent to be heard, as Burrah urges. Hyde accounts are certainly less misleading than historic cost accounts under present circumstances, and the need for realistic information, for investors, creditors and, perhaps most important, for wage negotiators, is as urgent as ever.

What is just as surprising as this cavalier attitude is the silence of the profession, of the Stock Exchange, and of the new-born Council for the Securities Industry on non-compliance. The Council may lack teeth, and an advisory standard is not the occasion for biting; but a bark, or at least a growl, would suggest at least that the subject is a serious one.

# Public sector competition

YESTERDAY'S report from the Department of the Environment, calling for an expansion of local authority direct labour organisations, represents the latest step in the Government's plan to extend the role of the public sector in the construction industry. Ministers hope, given the opportunity, to use the report as the basis for legislation. In the meantime it will provide them with ammunition in any offensive waged with the private building sector and the Opposition over the proposals.

### Obnoxious

Ministers' ambitions to free local authorities from restrictions preventing them from seeking a wider range of building work and from looking beyond their respective authorities' boundaries for contracts have always received a greater priority than the better-publicised, left-wing proposals to nationalise outright some of the major private construction companies. But in the eyes of the private sector, both the direct labour proposals and nationalisation are equally obnoxious.

The private contractors have conducted a forceful campaign, as they have done over the whole nationalisation issue, to expose direct labour operations as hopelessly inefficient building operations which have in many cases lost millions of pounds for ratepayers. The private sector has been at pains to emphasise that it is not afraid of competition, so long as it is on an equal terms, but that it cannot reasonably be expected to compete with the "bottomless pit" policy adopted by many local authorities with respect to direct labour resources.

Yesterday's report will certainly not provide contractors with any grounds for believing that, as a result of their protestations, competition from the 550 existing direct labour organisations is about to disappear. The threat of even further competition remains a strong one, but at least the private sector can derive some satisfaction from the report's implied acceptance that the development contractors feared most—an unbridled expansion of direct labour organisations, irrespective of financial viability and without proper accounting procedures—is not acceptable to anyone, including Ministers.

The Department of the Environment working party will find broad support in its insistence that direct labour operations need to be properly run, fully accountable and capable of producing clear benefits to their councils and to ratepayers in terms of lower costs, better products and improved service. They should, the report emphasises, be compared on as equal terms as possible with private sector contractors, though it suggests this is not always as easy as some people would claim.

### Procedures

The document attempts to answer criticisms concerning lack of accountability, and to meet the three-year-old recommendations of the Chartered Institute of Public Finance and Accountancy for a tightening of procedures, by proposing that direct labour operations should be required to earn a required return on capital. The suggested rate of return is 5 per cent and the report also recommends that no operation should make an overall loss, taking one year with another, over a five-year period. When such a situation arises, a comprehensive review of the department should be undertaken to decide its future.

These proposals are too vague and, in respect of the five-year evaluation period, much too kind to the direct labour departments, whose past profit record leaves a great deal to be desired. Until the guidelines are tightened up, and proper procedures established to cover accounting, pricing and competition, there should be no green light for other proposals contained in the report, such as the extension of trading body status to direct labour operations and their involvement in private sector housing work.

# The age of uncertainty arrives for Kenya

BY MARTIN DICKSON

THE DEATH of President Jomo Kenyatta is an event of the greatest moment not just for Kenya but for the whole of Africa. Kenyatta was a political giant in Africa, in his early years personifying firebrand nationalism to the point where, in the days of Mau Mau, he was denounced by a British Minister as the "leader to darkness and death of his people." Yet in his later years, and not least in Britain, he has been seen as the grand old man of African politics, the statesman who more than anyone has been the guarantor of a multi-racial society and a healthy private enterprise economy rare in the continent.

For Kenya, his death marks the end of a 15-year era of certainty which began in December, 1963, when the country achieved independence from Britain with Kenyatta at its head. A man of great political acumen and personal magnetism, towering way above any rivals, Kenyatta gave his country that quality which it needed most in the immediate post-colonial period: political stability.

It is that stability, achieved through the careful balancing of tribal forces, which has underpinned Kenya's other great achievement: an economic growth rate that is the envy of most other non-oil producing African States.

The central question now facing Kenya is whether it can maintain that stability and achieve a smooth handover to a new civilian leader.

For Africa, Kenyatta's death marks the beginning of the end of an era. Jomo Kenyatta whose political activities dated back to the 1920s, was one of the true founders of African nationalism. More than this, he was one of that small band of civilian politicians who not only led their countries to independence but remained in the saddle thereafter, while Governments across the continent were deposed by military coups.

It is these leaders—Presidents Kenyatta of Kenya, Houphouet-Boigny of the Ivory Coast, Senghor of Senegal, Nyerere of Tanzania, Banda of Malawi, Sir Seretse Khama of Botswana and Kaunda of Zambia — who, in their varying ways and with differing political systems, have throughout maintained the ideal of civilian rule in Africa.

Kenyatta is the first of these men to die in office. All Africa will therefore be watching closely to see how Kenya copes with the constitutional hand-over of power to a successor who, whatever his qualities and whoever he proves to be, cannot hope to match Kenyatta's charisma. If all goes well, it will be the first time in post-colonial Africa that the leadership of a country has passed constitutionally and peacefully from one civilian leader to another.

Kenyatta's death is also important in geo-political terms. Amid turmoil in the Horn of Africa, the brutal, wayward government of Idi Amin in Uganda and instability in Zaire, Kenya has always been a stabilising force in East Africa. Its free market capitalist system and Kenyatta's inherent conservatism have always meant an abhorrence of Communism and a strong leaning towards the West. From the Western viewpoint, it is therefore vital that this stability be maintained.

It was in the 1920s, when nationalism in East Africa was virtually unknown, that Kenyatta began his political career, first joining the Kikuyu Central Association. He became its secretary four years later and in 1929 made his first trip to Britain with a brief to put African grievances before the Colonial Office.

Between 1928 and 1931, he was involved in Kikuyu resistance to missionary attempts to outlaw female circumcision. In 1931, he moved to London as the Kikuyu's representative and remained there until after the war—a sojourn that produced "Facing Mount Kenya," a seminal work for African nationalism.

On his return to Kenya, he became president of the Kenya African Union and the centre of mounting tension with the British authorities, who accused him of making subversive speeches. Then, in 1952, came Mau Mau, a still mysterious blending of Kikuyu land hunger with nationalist aspirations. Kenyatta was accused of managing Mau Mau and, despite his claims of innocence, he was sentenced to seven years imprisonment.

While still in detention, which lasted till 1961, he was named president of the new Kenya African National Union (KANU), the party that he led until his death.

Kenya's list of achievements under Kenyatta are impressive by any yardstick. Its GDP has grown faster than virtually any other non-oil producing African state (by an average of 7 per cent a year between 1963 and 1974).

This has been underpinned by the establishment of one of Africa's best small-holder agricultural systems and by the Government's encouragement of Western investment.

At the same time, he presided over the relatively smooth "Kenyanisation" of jobs formerly held by whites and Asians and the redistribution to Africans of farms formerly held by white settlers. Both moves acted as valuable political safety valves.

However, the last few years of Kenyatta's rule saw the emergence of some disturbing new tensions in Kenyan society —tensions which in part stem from the unbridged capitalist nature of the system and which will be one of the most problematic legacies facing Kenyatta's successor.

The two faces of Jomo Kenyatta: left, at the time of his trial as "manager" of the Mau Mau terrorists; right, the elder statesman of African politics.

Tribal factors apart, there is a wide gulf between the haves and have-nots of Kenyan society. Resentment over this appears to be mounting and has been fuelled by conspicuous consumption among the elite and alleged corruption in high places.

These allegations have touched even the Presidential family. A series of articles published in the London Sunday Times in 1975 purported to show the vast wealth, in land and business interests, had been amassed by the President and his entourage.

These tensions, and residual fears of violence lurking beneath political life, surfaced in the murder in 1975 of J. M. Kariuki, one of the most outspoken and populist of Kenyan MPs. The instigators of his death may never be known, but a Parliamentary inquiry raised doubts on the role of the police and even elements of the political establishment in the affair.

Against this background, and amid latent tribal tensions, Kenya must now select a new leader. Kenyatta himself always avoided public commitment to an heir-apparent.

The Kenyan constitution at least dispels any immediate political uncertainty. It specifies that on the death of the President, the Vice-President, who is Mr. Daniel Arap Moi, takes over the reins of Government for 90 days.

During this time KANU, Kenya's sole political party, will hold a poll to elect a new leader to repace Kenyatta and this man will go forward as the sole candidate in a nationwide Presidential election.

The KANU poll will therefore be the subject of intense jockeying between interest groups over the next few weeks. Long before the President's death, two loosely-knit rival factions had been jostling for political pre-eminence fith an eye to the post-Kenyatta era and these alliances seem bound to occupy the centre of the Kenyan political stage in the run-up to the party poll.

One centres on Mr. Arap Moi, who must be considered the front-runner in the succession stakes in view of both his interim role and the hard work he has put in over the years canvassing support from all Kenya's tribes at the grass roots. For a country wishing to balance ethnic rivalries after Kenyatta, he has the added advantage of coming from the minority Kalenjin group of tribes, yet also has the backing of some powerful Government Ministers belonging to the Kikuyu tribe, Kenya's largest. Mr. Charles Njonjo, Attorney General and one of the key figures in Kenyan politics, is close to Mr. Arap Moi, as is Mr. Mwai Kibaki, the impressive Finance Minister.

The other faction appears to centre on Dr. Njoroge Mungai, President Kenyatta's nephew, who lost his elected Parliamentary seat at the 1974 General Election but returned to the House as a nominated member and has been trying to stage a more broadly-based political come-back ever since. Around him appear to be grouped some key members (but not all) of the Presidential family and entourage. These appear to include Mr. Mbiyu Koinange, Minister of State in the President's Office, one of the men closest to Kenyatta and probably his oldest political ally.

These two factions arise out of a complicated combination of factors, some overlapping and some conflicting. They include the traditionally strong competition between Kikuyus drawn from the southern Kiambu district of the Central Highlands (President Kenyatta's home area) and those from the Muranga/Nyeri area to the north.

Personality factors have cut across all these divisions, as have elements of bandwagon jumping, with various Kikuyus and members of other tribes joining whichever faction they think will emerge on top. The Luos, Kenya's second largest tribe, are divided. The majority probbaly still support Mr. Odinga, the veteran Luo leader, whose attempts to stage a political comeback have been frustrated by the authorities. He seems to be in the Mungai camp.

It is possible, but by no means certain, that these two essentially Kikuyu camps will come to some form of *modus vivendi* before the party election and that a single candidate will emerge. If they do not, a fiercely-fought poll is likely to ensue.

If Kenya's political stability has provided the base for its economic development, the widespread expectation now is that its economic progress will act as a politically stabilising factor in this difficult handover period. The argument goes that too many people have a vested interest in the continuing well-being of the economy to upset the applecart—not only political leaders but the smallholders of Kikuyuland who have prospered with the tea and coffee booms of recent years.

Inevitably, however, there must be some concern about the possibility, no matter how remote, of intervention by the armed forces.

The Kenyan military is small by some African standards (the army comprises about 8,000 men), and has broadly maintained the political traditions it inherited from British rule. Its commanders have been firmly subordinate to the civilians who run the Ministry of Defence. The army rank and file, again a relic of British rule, has been dominated by members of the minority Kamba tribe, although this has changed somewhat in recent years with recruitment on a tribally proportionate basis.

The two top army Generals are still Kamba and so, apparently, are most officers above Lieutenant Colonel, although there are now an important number of middle ranking officers from a Kikuyu background.

Less clear is the make-up of the "shadow" para-military General Service Unit (GSU), which is thought to number about 2,000 men spread across the country. In the event of any disturbances during the hand-over this body, built up under President Kenyatta's supervision, could play a crucial role.

The hope must be that the interim period will pass smoothly and that there will be no need for the GSU to take to the streets.

But Kenyatta's death has inevitably left an immense void in Kenyan politics, which it will be hard for any successor to fill.

Amid parliamentary unrest following the death of J. M. Kariuki, Kenyatta went before the assembled MPs and left them in no doubt as to what might happen if they strayed too far from the Government line:

In his usual earthy fashion, he reminded them that there was always a hawk in the sky, ready to swoop down on the chickens if they strayed from the run.

Kenya's hawk is no more, and whatever the political plumage of his successor, he will require great acumen to balance the forces within Kenyan society and to press ahead with the Government's declared goal of a more equitable distribution of wealth.

# MEN AND MATTERS

## Opening the horse's mouth

As businessmen and broadcasters continue to cast well-rounded aspersions on each other's touchiness, the Confederation of British Industry assures me that it is trying to work for a little harmony. "We want both sides to understand each other better," I was told when I rang up Tothill Street yesterday. Last week, it transpired, the CBI had arranged a conference for 36 company directors in Bristol which was addressed by four newsmen on the problems of media coverage of businesses. And next month a new experiment is to start.

As part of a briefing on the CBI's activities, its regional directors are to talk to journalists about such matters as the "mild management paranoia" about appearing on television.

That phrase is how Julian Mounter, the editor of Thames Television's new programme, Inside Business, refers to many businessmen's reluctance to face the cameras. But Mounter, who is to be one of the first journalists to meet CBI figures, harps mainly on the "growing problem of the public relations officer." It is towards the PRO's office that journalists are increasingly shunted—only to find they have ended up in a long disused siding.

Mounter told me how he and a BBC TV crew had once spent two weeks in Turin with the chief PRO of Fiat waiting for an interview with the firm's chief executive; they only obtained it because the PRO happened to bump into the executive in the lift. "Here too PROs are not hired in a way which gives them the powers to deal with executives. They are often highly suspicious of national newspapers and in particular television."

Mounter talked enthusiastically of how a public relations officer for Devon county council managed to change its image by banging officials' desks until they met the Press. He thought that the board posts given to PR men in the U.S. reflected the greater weight given to PR there—and the greater efficacy of PR departments.

He himself says he has moved from covering wars and the like because he thinks business is the "biggest story." He has taken over what used to be called Time for Business. It has been renamed Inside Business, and has increased its staff so that it can look at issues in more depth. Mounter wants to have cameras following a story rather than interviews done in the studio. But he says that typical of the problems he has had was the way that in May British Leyland would not allow him on to its premises to interview a union official.

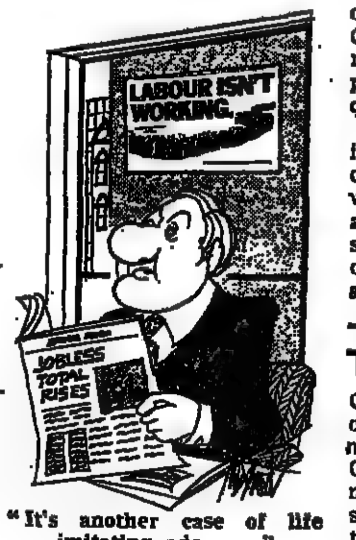
## Desert island

Despite all the stringency and cutbacks afflicting local councils, Plymouth has just repaid a debt of honour dating back to 1947. It was then that the Pacific islanders, the Banabans, sent the town a £500 donation to help repair war damage, and now the city is giving £3,000 to the Justice for the Banabans Campaign.

The Lord Mayor, William Evans, tells me that there has been a singular lack of irate ratepayers on the line to his office. "Everybody seems to be happy about it; they recognise the kindness shown to Plymouth after the war."

Apparently Portsmouth, also given £500 by the Banabans, is considering a similar donation. Sir Bernard Braine, the Tory MP for South-East Essex who is one of the staunchest supporters of the campaign, contrasts Plymouth's generosity with the "mean and heavy-handed manner of successive British governments."

In 1976 a British High Court awarded £9,100 damages to the Banabans for the way that phosphate mining had ravaged their island. This was little consolation to the 3,000 Banabans who now live near Fiji, 1,000 miles from their home. They estimate that restoring their island would cost £40m.—just over half the profits made by Britain, Australia and New Zealand from the mining.




"It's another case of life imitating ads . . ."

## Fishy immigrants

As the net closes in on British herring fishing it may come as news to learn that almost all the herrings we have recently been eating come from Canada. The true blue British kipper is now only smoked here, according to Walter Dyson, secretary to the Herring Buyers' Association. Import tariffs have so far helped British kipperers to fend off the minor encroachments of Canadian kippers, but just how much longer kippers or kipperers will last is open to question.

As with coffee and beef, rising prices seem to have brought out a talent in the British housewife for ruthless gastronomic adjustment. Dyson says that since kippers went up to 80p or more a pound sales have almost halved.

## Third time lucky

Correcting errors in corrections of previous errors is keeping the men at Her Majesty's Stationery Office unusually busy at the moment. But an expectant world should soon be able to study the third and perhaps final version of thte VAT (Consolidation) Order 1978. At present VAT watchers have to make do with the distinctly unhelpful second version, which explains: "This Order replaces the VAT (Consolidation) Order 1977 in which because of an error the word 'designated' appeared as 'designated.' This Order remedies the error . . ." The word should of course be "designed."

## Macho man

My heart goes out to David Thomas, an old-Etonian at King's College, Cambridge, who describes in the current issue of "Harper's and Queen" magazine the problems of "perfectly straight guys" who affect make-up. Along with "macho shades" of eyshadow it seems a tear-proof mascara is vital for the modern male. The one big drawback: "It's agony to ask for in Boots," says Thomas, 19. I can only console him that if all goes well he will surely be spared the more searing pain of ever having to ask for lice powder.

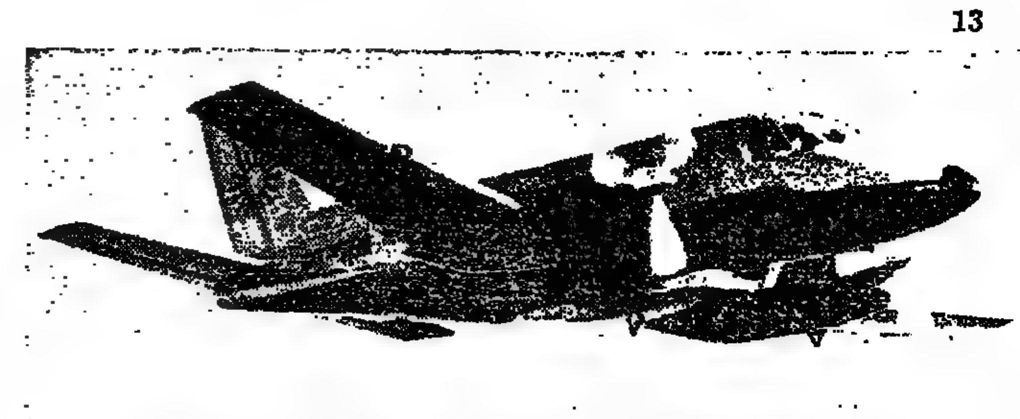
**Observer**



هكذا من الاصل

# Brazil: a giant arises

BY DIANA SMITH, Rio de Janeiro Correspondent



Made in Brazil: not only coffee, but this 15-seater Bandeirante aircraft designed there.

THERE ARE two giants on the American continent: the U.S. in the north, Brazil to the south.

Brazil's area of 8.5m sq km is larger than the U.S., but its population of about 110m, herded mainly into the centre and south, while the north remains half-deserted, is smaller.

Brazilian 18th century politicians were inspired by the American Declaration of Independence, but were unable to shake off the Portuguese yoke until the 19th century. And while American pioneers trekked west, braving endless plains, deserts and Indians, Brazilians, like crabs, generally huddled close to the coastline. Only the most adventurous probed the jungle or crossed the wild rivers of the interior.

Sitting on some of the most mineral-rich subsoil in the world, the Brazilians were slow to understand the extent of their natural assets or to investigate them. Instead, they let outsiders lay claim to their riches, not unlike their ancestors, the Portuguese who until well into the mid-20th century, ignored their own potential while foreign companies or individuals ran their public utilities, transport, mines, major sources of exports (port wine and cork) and nascent industry.

Until recently, Brazil's relationship with the U.S. has been decidedly lopsided. Brazil supplied commodities (44 per cent of its exports between 1953 and 1960) and bought manufactured goods (32 per cent of its imports in the same period).

The U.S. supplied loans or direct investment through its major multinationals. For decades they had a comfortable run thanks to cheap, submissive labour, dormant Brazilian industry offering next to no competition, and Brazil's willingness to shelter under the American umbrella.

An entire generation of Americans grew up with the notion that Brazil was covered in coffee from tip to toe, because, Frank Sinatra sang so, and peopled by replicas of Carmen Miranda in exuberant headgear and startling platform soles, all singing and dancing from dawn to dusk, plus a sprinkling of cheerful peons in straw hats and eccentric millionaires with waxed mustachios.

There seemed little reason to believe, even closer to our day, that Brazil would ever be anything other than a colourful, backward, obliging backdrop for Hollywood fantasies, or host nation for profit-oriented foreign corporations.

## Self-assertion

Brazilian politics were esoteric, fractious and elitist: their exponents seemed too unsure of their ground to answer back when the *yanqui* offered advice—or instructions. But the hot winds of revolution that swept Latin America after Fidel Castro's ascent in 1959 forced the first review of U.S. attitudes towards Brazil.

The thought that a country which covers over 47 per cent of South American territory might fall into the hands of a Marxist regime inspired little joy in North America. With the advent of the right-wing military regime in 1964, however, Brazil, once again, seemed a safe preserve for U.S. interests, destined to revert to its amiable dependence on American largesse. However, while not everyone has noticed (particularly the U.S. media, which has been reluctant to allocate space to reports on Brazil's rapid pace of development), the South American giant has woken up, and begun to assert itself economically, industrially and commercially.

The road to self-assertion has not been smooth. The first military Government that took power in 1964 tied itself to the classic IMF loan string of austerity and thereby clamped tight brakes on growth. Production plummeted, bankruptcies and unemployment swelled as credit was cut off to private industry or business.

Only in 1967, as both public and business protests mounted, culminating in the radical upheavals a year later, was official policy switched from tight to easier credit.

Since then, Brazil's rulers have eschewed *IMF facilities*—even the oil facilities to which they have been entitled since 1974—and have resorted instead to private banks for funds—more, nowadays than to the World Bank.

By herculean efforts of industrialisation and diversification, Brazil has increased its exports from an average of $1.75bn per annum in 1966-68 to $12.1bn in 1977. Most strikingly, in the first half of 1978, for the first time in Brazilian history, exports of manufactured goods accounted for over 50 per cent of the total. Cars, motors, machinery (electrical or mechanical), domestic appliances, played a prominent part, as opposed to the standard manufactured exports of developing countries, such as shoes or clothing.

Brazilian concerns are building highways, sewage systems and hotels in the Middle East. Nigerian housewives are snapping up Brazilian vacuum cleaners, mixers and irons. Arab customers are eating Brazilian frozen chickens (slaughtered to strict Islamic standards). Chinese steel industries are buying Brazilian iron ore and expressing an interest in Brazilian pelletising technology. Algerians and Bulgarians are driving Brazilian-made Volkswagens. Wherever one turns, with the exception of Cuba, with which Brazil still refuses to have trade or diplomatic relations, Brazil is moving onto the market.

On the home front, Brazilian manufacturers, either through joint ventures or purchase of technology, are modernising and expanding briskly. Major industrialists now feel equipped to compete not only at home, with America and Europe's most powerful capital goods manufacturers, but also in tendering for hydroelectric or industrial projects in other Latin American countries.

In an area of advanced technology, such as computers, Brazil has taken away the breath of a body as mighty as IBM by reserving the market for four national firms producing mini-computers (with know-how acquired from Japanese, European, or smaller U.S. concerns) and denying IBM permission to move into the market.

U.S. companies operating in Brazil, once the absolute majority of foreign enterprises on Brazilian soil, now share the field with Japanese, Italian, German, French, British, Swedish, Swiss and other multinationals, or small to medium-sized concerns.

The total West German investment in Brazil is now $2.35bn. Total Japanese investment soared from $55.2m in 1969 to $1.77bn in 1977. Brazil is second only to the U.S. as a recipient of Japanese foreign investment. The Japanese colony in Brazil numbers 800,000, making it the largest Japanese colony in the world.

Brazil's successful attempts to spread its net over a wide range of markets and sources of funds has, inevitably, wrought a change in its attitudes towards the U.S. The way in which Brazilian officials have handled the change in levels of confidence and degree of involvement with the U.S. has, moreover, forced the U.S.—at government and business level, to revise its attitudes towards Brazil.

Before the Carter administration softened its tone and tactics towards Brazil the U.S. President's attacks on Brazil's human rights record led to the suspension of the bilateral military agreement. When President Carter questioned the acceptability of Brazil's nuclear agreement with Germany, and sought through public statement or despatch of emissaries to persuade Brazil to forget the idea of nuclear power stations and above all an enrichment plant equipped by the Germans, local reaction was one of fury.

## Carter visit

When Mr. Carter visited Brazil in March of this year, the reception he was given was not hostile, but the most accurate description would be "icily polite." There were no cheering crowds in the streets nor were there many curious bystanders waiting for the president to drive past. The diplomatic and official motions were dutifully completed but the message was clear: Brazil was committed to peaceful atomic energy and to international safeguards, it intended to honour its 1975 agreement with West Germany and go ahead with its nuclear energy programme and, if Mr. Carter had reservations on this score, he, not the Brazilians must cope with them.

Other U.S. complaints have been dealt with equally firmly: strictures on Brazilian textile and shoe exports to the U.S. on grounds of damage to U.S. manufacturers are a case in point.

Under the present system, manufactured Brazilian goods destined for export receive exemption from a proportion of Brazilian industrial and merchandise tax which varies according to the nature of the product—about 30 to 50 per cent, and in some cases, more. To the Brazilian Government that is a necessary incentive to Brazilian manufacturers to gear their thinking and planning to exports, and it is seen as a temporary expedient for a developing country.

To U.S. textile manufacturers, these incentives are harmful subsidies, therefore incurring countervailing duties, even though the $450m or so a year of Brazilian textiles imported by the U.S. is modest in American terms.

Brazil is now arguing—and hoping to convince U.S. Treasury officials—that while GATT is still working on an international subsidies code (in which Brazil, in common with most others except the U.S., wants a clause clearly demanding full proof of damage to a local industry before countervailing rights are imposed), the U.S. should refrain from penalising textile imports. This matter is now under intense discussion.

Another area of friction was discussed at a recent meeting of the U.S.-Brazilian businessmens' council—during which heads of U.S. multinationals voiced outspoken criticism of the preferential treatment they said the Brazilian Government afforded to Brazilian companies.

This criticism hinged on official policies which demand a certain content of Brazilian-made equipment in projects carried out by the state-run enterprises. They mean, in effect, that to succeed in tenders for these projects nowadays, foreign bidders are best advised to associate with Brazilian manufacturers.

Furthermore, Brazil has become increasingly reluctant to pay royalties for technology, and is encouraging transfers of technology through joint ventures.

The American criticisms were answered politely, but unmistakably firmly by Brazilian government ministers, with the argument that while foreign capital is welcome and, indeed, necessary, the ground rules are geared to the development of national industry.

The free-market principle, the U.S. businessmen were assured, is sacrosanct in Brazil—but the local interpretation of a free market is one where national businesses are given help to compete on equal terms.

This is the heart of the problem: Brazil has already become competitive and is likely to become more so in the coming years if its present rate of development is maintained. For those who once saw it as an outlet for their products or a cheap source of labour and little else, the new game is not an easy one.

U.S. banks, particularly Citibank, which takes 20 per cent of its profits from its Brazilian operations, appear to have made the transition far more smoothly, and to be more lavish in their praise of Brazil's management of its economy, its foreign debt, and its development. Brazil's international creditworthiness is high, proved by the steady drop in the spread over Libor (London Inter-Bank Offered Rate) exacted on loans—now around 1 or 1.25 percentage points compared with 2 points not long ago.

Brazilian officials make it clear that they have no wish to lessen the ties with the U.S. or to co-exist in a climate of friction, since it would hurt both countries. But they also maintain that, while they are always willing to listen, or to talk, they will pursue Brazil's interests—which become larger and more complex as the country develops. Today, there is not just an awful lot of coffee but also an awful lot of competitive thrust in Brazil.

# Letters to the Editor

## UK chips and U.S. R & D

*From Mr. R. Toeman*

Sir,—Mr. A. Brown claims "tight British control" (August 17) over chip engineering at Inmos now established in California. Your New York correspondent Mr. John Wyles (August 11) reports that the National Enterprise Board and five of its Inmos engineers, all ex Mostek Corporation staff, are being sued by Mostek under U.S. law in a dispute over trade secrets. If the U.S. technologists concerned can get round U.S. courts, they can get round "tight British control." But they do not need to. If Inmos is successful, Messrs. Petritz and Schroeder will have 55 per cent of Inmos shares, and so a live Inmos enterprise will be a U.S. owned enterprise.

That British taxpayers' money is being used by the State to create employment in the U.S., a new role for British Government is indisputable. "Employment at the Inmos plant just two miles away from Mostek is planned to grow to 1,000 before micro-processing manufacturing is switched to Britain" (FT correspondent, August 11).

If Inmos were successful, would any live manager there willingly transfer production to Britain from the U.S. which represents more than half the world market? Further, only amateurs are unaware that it is next to impossible to maintain constant continuous communication in an industry which changes every hour of the day, with production set up at a distance of 6,000 miles from the Research and Development centre. In the semiconductor industry each centre needs constant feedback from the other centre, for continuous correction of errors in both. Even with R and D and production under a single roof the translation of good scientific and engineering development work into mass production represents a feat of management capability as great as the scientific work itself. Indeed it is in this switch to production that British industry tends to fail, not in excellent scientific work. And so it is commercial and production engineering talent, not the excellence of Research and Development that is at question.

The secret of successful Japanese and U.S. semiconductor enterprise is not "complex." These companies, and some European firms, have large scale market research and application groups (on average a little more than 1 per cent of bright ideas present future applications). These firms plan, from the start, the design of new products for the world market: they do their Research and Development at their home base, not abroad.

I am puzzled at our Government supporting science and technology in the U.S. with British taxpayers' money, and so creating employment there which is badly needed in Britain. All this despite the superior commercial ability of the multinationals who create much of our employment and exports.

R. Toeman.
*21, Avondale Avenue,*
*Hazel Grove, Stockport.*

## Microelectronic engineering

*From the Chairman,*
*Mackintosh Consultants.*

Sir,—Since I am now accused by one of your readers (A. Foster, August 17) of being against multinationals, may I again use your columns to refute accusations which appear to stem from an inability to understand what I have previously written?

In the first place, as was made clear (August 3), we are not against the concept of multinational companies in general, nor multi-national producers of integrated circuits in particular. In a 1971 report to the National Research Development Corporation and the Ministry of Technology (as it then was), we went out of our way to point out the major contributions which companies such as Texas Instruments and Philips have made to the UK's semiconductor capability. TI has, for example, provided a valuable source of trained managers which the rest of the UK-based semiconductor industry has been only too glad to tap into from time to time. The Mullard (i.e., Philips) R & D. labs., as another example, have long been one of the UK's leading electronics research establishments. Nowadays, one would also want to include (so far as integrated circuits are concerned) ITT's Footscray facility (Europe's leading producer of metal oxide semi-conductor memory) and the activities of National, Motorola, Hughes and GI, which together add up to an impressive Scottish IC industry.

There can be no doubt, therefore, about the invaluable contribution which multinational companies such as these have made to the UK's overall capabilities in integrated circuits. Indeed, one hates to contemplate what Britain's prospects would now be like without them. But, it seems to me, there is an unanswerable case for saying that their total contribution has not been enough to meet the national need for a strong British IC capability able to compete effectively with any other nation in this vital new industrial technology. (After all, even Mr. Foster can hardly claim that the British IC industry is on a par with, say, Japan's—to say nothing of America's.)

Let me emphasise that this does not imply any criticism of the multinationals. Their criteria and interests are not necessarily coincident with those of Britain: their long-term success depends on obtaining as large a share as possible of the global IC market and that is not necessarily synonymous with locating their most avant-garde design and production capabilities in the UK.

It is, perhaps, worth emphasising that my declared desire to see Britain attain a position of international equality in this key industrial sector is based, *inter alia*, on the belief that the long-standing American hegemony in integrated circuits is basically unhealthy (for them and the rest of the world). For any one nation to achieve such a command of such a key technology is too monopolistic not to be resented and resisted, and the world will be (industrially and economically) a more stable place once this U.S. domination is eroded. For this reason, I shall be pleased when France, Germany and other nations also take actions as effective as I believe the UK Government's recent support schemes will prove to be.

Inmos is one of the very few companies ever to have been founded on what is basically a truly multinational concept. While I am certainly in favour of this approach, it emphasises the need for the National Enterprise Board to ensure that Britain's legitimate interests are fully taken into account as Inmos makes its bid to become one of the leading IC producers of the 1980s.

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## No simple solutions to the currency problem

*From Mr. S. Dixon-Fyle*

Sir,—If, as Professor Samuelson claims (August 16), U.S. economic performance in the 1970's has been "less disappointing than (those of) West Germany, Japan, Scandinavia, Britain, and most industrial nations of Europe," while the dollar slumps relative to the mark and yen, one might ask the following question. How relevant are the prospects for the American economy to those of the world economy? Here is one answer.

Locomotive, convoys and concerted action formulae for world reflation have so far foundered because they are, essentially, strategies for sharing the burdens of adjusting to deceleration in the growth of world production and trade. They are not really strategies for reflation. There seems little evidence on postwar growth that the world economy has ever been pulled out of recession either by a powerful locomotive economy or by convoys of such economies under a single flag.

The main weakness in these prescriptions is the presumption that economic recovery could be sustained by one or a few leading economies pulling along or providing cover for lagging economies. Would a further half and one percent respectively in West German and Japanese GNP growth be really critical? Furthermore, the distinction is unhelpful between locomotive economies, those with large current account surpluses, low rates of inflation and strong currencies, and lagging, convalescent economies with payments deficits or erratic surpluses, consistently high rates of inflation and intensifying economic and social welfare constraints, and weak currencies. This distinction is hardly a satisfactory basis for allocating responsibility for "positive structural adjustment policies and measures." If concerted reflation needs to be spearheaded by specific economies, are these unambiguously identifiable in this way?

A compelling fact of world economic organisation since the mid-fifties is the replacement of concentration in the economic power of individual governments or corporations to influence growth by a more diffuse, more interdependent pattern of collective leadership and economic authority among countries and within them. This is only slowly being accepted (David Housego, August 15).

In one area, that of world money, stability in currency markets did depend on dominance by one reference currency within a regime, the dollar-exchange standard under relatively fixed parities, which made multilateral surveillance a fairly manageable reality. Floating rates have yet to turn in comparably stable overall results. Significantly, they have contributed rather less than critics of fixed exchange rates predicted to growth in world production and trade and orderly adjustment in trade relations. With the dollar in retreat, and the indifferent record of floating rates, we are at a turning point in international monetary management.

Seldom has the need been greater for enlightened monetary management to actively complement "real" adjustment in world production and trade with minimum resort to protectionism.

Reliance on floating rates, specifically to redress bilateral trade imbalances, and generally to redistribute adjustment burdens between surplus and deficit countries through restructuring international competitiveness, has proved quite fruitless. This is hardly surprising.

Countries with strong "real" economies, appreciating currencies, and persistently substantial payments surpluses have a capacity to adjust to uncompetitiveness, arising from their appreciating currencies, very much larger than that of countries with a less solid real economic base, fitful currencies, and indifferent payments performance to adjust to their relatively improved international competitiveness. Pressures on export profitability and on employment, and growing corporate bankruptcies cause possibly increasing concern in West Germany and Japan, for example. They nevertheless need to struggle to *restrain* export growth and encourage "emergency" imports.

The Bremen framework for developing monetary co-operation in Europe could well prove significant beyond Europe. It is clearly, a strategic retreat from full- if not really blue-blooded exchange rate flexibility into organised floating. Reportedly, the aim is to advance European monetary integration through policy harmonisation and by facilitating growth in a more consistently compatible structure of low relative rates of inflation. An enlarged oasis of more stable exchange rates encompassing a widened range of trade and financial transactions would be a major achievement.

Some supporters of the Bremen plan expect it to help siphon off certain market pressures on the dollar, even if they wished for Europe no more of the dollar's burdens as an international unit of account and asset medium. However, it seems that the dollar is unlikely to be helped either in the short- or in the long-run if it is not itself brought within the domain of any monetary area so conceived.

It might be worth exploring the feasibility of a North Atlantic Monetary Area, an elongated trans-Atlantic "snake," with the mark, yen, Swis franc, and the dollar as the primary currencies. The exchange relation would be given flexibility, *inter alia*, through providing within the initial structure of rates, for differential margins either side of each currency's central rate. The base rates would be set in terms of appropriately chosen averages of market rates over, say, the *immediate* preceding period of six months, and of a re-established, moveable official gold price close to moving averages of recent market prices.

The intention would be, primarily, to hold cross-rates in a broadly stable relationship, not to return to nominally fixed rates. The basic structure of rates would be adjusted periodically through selective market intervention, backed by a massive exchange stabilisation fund, and based on weights which reflect movements in relative rates of inflation, in the price of gold, etc.

There are no simple solutions to the currency problem or that of reviving the world economy. The two problems are really one. Some alternative is needed to the dollar's plight, even if it hurts the American economy much less than it does the rest of the world. The Americans need help.

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*From Mr. C. Glynn.*

Sir,—In his "Economic viewpoint" of August 17, Mr. Samuel Brittan defended the role of floating exchange rates in an unstable and inflationary world. His principal contention was that a return to fixed rates could do untold damage to world trade and he chose to berate both central bankers and businessmen for their shared distaste of exchange rate movements, "an attitude devoid of all merit and all thought." May I take issue with this statement?

Throughout the 1950s and for most of the 1960s the Bretton Woods agreement procided businessmen with a framework of fixed parities against which expenditure and receipts from international investments were insulated to a large extent from the effects of continously changing exchange rates. Whether these golden days of high growth and low inflation would have been still better under a regime of floating rates seems to be highly questionable. By the same token the contention that floating rates are the safest way to modify the ill effects of excess money creation and the oil shock of the early 1970s remains, at best, "not proven." Is it really so thoughtless, therefore, for businessmen to be more influenced by their own experience and observation, to be less than convinced by a divided body of academic theory, and to yearn for a period of exchange rate rigidity in order to narrow the spectrum of uncertainty they face in their daily investment and trading decisions?

Mr. Brittan tends to give the game away in the later paragraphs of his article where he accurately comments upon the declining reserve role of the dollar and the process of asset diversification in both official and private accounts which is presently in train. He notes that "there is undoubtedly some rate for the dollar at which it would actually attract speculative interest and at which portfolio dievrsification would stop." and he correctly observes that the precise timing and extent of the dollar decline is conjectural under floating rates. What comfort does this offer the businessman when international investment often requires a view to be taken of the U.S. dollar price of goods and services over extended periods of time; for longer periods, I should add, than can be adequately covered by currency insurance schemes? Even if the U.S. dollar does not feature in such contracts the impact of its decline on other currency cross rates is considerable and equally unpredictable.

Would it not be more practical to institute fixed rates now, rates which would be defended (and therefore sustained) collectively by central banks with the necessary discipline on excess dollar creation being provided by gold transfers in settlement of balance of payment disequilibria.

This is not a novel proposal, nor is it expected to be a panacea for all economic ailments, it simply asserts the view that to permit effective functioning of the price mechanism it is necessary to have an understandable yard stick with which to measure the real value of goods and services in the economy. Is this really an attitude devoid of all merit and all thought?

Christopher Glynn.
*49, Moorgate, EC2.*

## Today's events

**GENERAL**

Engineers of British Airways begin 24-hour strike.

Air survey of fishing fleet by Mr. John Silkin, Minister of Agriculture.

Meeting of Trades Union Congress general council, Congress House, London.

Third day of United Nations Economic and Social Commission for Asia and Pacific (ESCAP) meeting at New Delhi on trade between Asian and Pacific areas, attended by over 30 countries.

International Conference on High Energy Physics, Tokyo.

United Nations Conference on Law of the Sea continues in New York.

Sir Peter Vanneck, Lord Mayor of London, continues official visit to Latin America to promote British trade with the region.

Edinburgh International Festival and the Military Tattoo continue (until September 9).

**OFFICIAL STATISTICS**

Department of Transport new vehicle registrations (July).

**COMPANY RESULTS**

Final dividends: Associated Dairies, Smith Wallis, Victor Products (Wallsend). Interim dividends: Richard Clay, Johnson Group Cleaners, London Brick.

**COMPANY MEETINGS**

Arlington Motor, Chartered Accountants Hall, Moorgate Place, E.C. 12. Braham Millar, Savoy Hotel, W.C., 12. Burtonwood Brewery, Burtonwood nr. Warrington, Cheshire, 11. Butterfield-Harvey, Connaught Rooms, W.C., 12. Fodens, Fodens Recreation Club, Elworth, Sanbach, 3. International Timber Corporation, Tower Hotel, E., 12. Sogomana, 185, St. Vincent Street, Glasgow, 12.

**CITY LUNCHTIME MUSIC**

Band concert—Malcolm Burnock, Finsbury Circus Gardens, noon—2 p.m. Petronella Dittmer (violin) and Etelvina Rodrigues (piano), St. Olave, 1.05 p.m. Organ recital—Robert Crowley, St. Bride's, 1.15 p.m.

**SPORT**

Cricket: Scottish v Yorkshire (not first class), Glasgow. Golf: British Boys' Championship, Seaton Carew. British Girls' Championship, Largs. Athletics: Rotary International Games, Crystal Palace, London. Bowls: English Men's Championships, Worthing.

# COMPANY NEWS

## Wedgwood little changed in first quarter

EXTERNAL SALES of Wedgwood rose by 17.5 per cent to £19.11m for the first quarter to July 1, 1978 but the directors report little change in pre-tax profits at £1.68m against £1.67m last time.

They say that while results did not reach their target, they remain confident that results for the full year will show a good improvement over the record £8.35m for the 1977-78 year.

In the U.S. and Canada, sales were buoyant, they add, but some of the shine was removed by the further weakening of the dollar. In the home market they say that it was not until the latter half of June that retail sales began to pick up.

At the present time home market sales are still buoyant and the directors expect most markets to be better in the second quarter.

| | 13 weeks 1978 £000 | 1977 £000 |
|---|---|---|
| External sales | 19,107 | 16,256 |
| Operating profit | 1,815 | 1,710 |
| Interest | 134 | 36 |
| Pre-tax profit | 1,681 | 1,674 |
| Tax | 507 | 421 |
| Net profit | 1,174 | 1,253 |
| Extraord. debit | 23 | 104 |
| Attributable | 1,151 | 1,149 |

* Adjustments in value of net assets and borrowings overseas due to fluctuation in exchange rate.

Net profit for the 13 weeks came out slightly lower at £1.17m (£1.25m) after an ED 19 adjusted tax charge of £0.51m (£0.42m). Earnings are shown as 3.2p (3.3p) per 25p share. Total dividend for 1977-78 was 7.48p (6.7p) net.

The directors state that the Department of Industry is contributing £1.2m towards an early capital commitment of £4m in a major expansion plan, designed mainly to increase the production of fine bone china tableware and ornamental ware. And also to provide improved facilities for the making of the group's earthenware and oven-to-tableware.

At July 1 the balance sheet shows total assets at £43.57m (£42.4m) with net current assets at £20.65m (£20.11m).

### ● comment

Wedgwood's unchanged first-quarter profits, which include a small first-time contribution from the Goldsmiths' and Silversmiths' Association, are disappointing. The decline in the dollar (8 per cent since the end of the comparable period) has clipped earnings in the important American market; some 60 per cent of sales are now exported. The company's confident noises about current trading are certainly encouraging but the target of a "good improvement" in final profits will be difficult to achieve in the face of an unfriendly exchange rate. Meanwhile, sales volume has increased by more than 12 per cent and future demand for Wedgwood products seems healthy. The current expansion programme will increase giftware capacity by 60 per cent while earthenware (including tableware) production is expected to double in three years. At 129p the shares, based on full-year profits of £9m and last year's tax charge, stand on a prospective p/e of 6.8 and yield 4.8 per cent.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

**Interims**—Richard Clay, English and Scottish Investors, Johnson Group Cleaners.

**Finals**—Associated Dairies, Challenge Corporation, Smith Wallis, Victor Products (Wall-end).

**FUTURE DATES**

| Interims— | |
|---|---|
| BBA | Aug. 31 |
| Brixton Estate | Sept. 20 |
| Church and Co. | Aug. 31 |
| Danish Bacon | Sept. 12 |
| Home Counties Newspapers | Sept. 11 |
| Investment Trust of Guernsey | Aug. 25 |
| Newbold and Burton | Sept. 6 |
| Molins | Sept. 20 |
| Sedgwick Forbes | Aug. 24 |
| Watmoughs | Sept. 26 |
| **Finals—** | |
| Crouch Group | Aug. 31 |
| Dalgety | Sept. 14 |
| Dowding and Mills | Sept. 21 |
| Elder Smith Goldsbrough Mort | Sept. 19 |
| Heath (Samuel) | Aug. 25 |
| Kursaal | Aug. 29 |
| Leigh Mills | Sept. 1 |
| Orme Developments | Aug. 24 |
| Stocks (Joseph) | Aug. 24 |

Freddie Mansfield

Sir Arthur Bryan, chairman and managing director of Wedgwood.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| American Trust | int. | 0.55 | Oct. 12 | 0.5 | — | 1.35 |
| Bogod-Pelepah | | 0.7 | Oct. 10 | 0.62 | 1 | 0.89 |
| Bogod-Pelepah "A" | | 1.4 | Oct. 10 | 1.24 | 2 | 1.79 |
| Brocks Group | int. | 1.54 | Nov. 14 | 1.4 | — | 3.4 |
| De Beers Consol. | int. | 20' | Oct. 27 | 17.5 | — | 32.5 |
| De Beers Ind. | int. | 37.5' | Oct. 27 | 35 | — | 75 |
| English and Overseas | | 0.35 | — | Nil | 0.7 | Nil |
| London & St. Lawrence Inv. | int. | 0.34 | Nov. 7 | 0.29 | 0.34 | 0.29 |
| Meat Trade Suppliers | | 4.02 | — | 3.96 | 7.32 | 7.21 |
| Ocean Transport | int. | 3.92‡ | Nov. 1 | 3.86 | — | 8.19 |
| Restmor | | 4.37 | Oct. 13 | 4.02 | 5.39 | 4.83 |
| W. & E. Turner | int. | 0.4 | Oct. 3 | 0.34* | — | 1.16* |
| Wolf Tools | int. | 0.63 | Sept. 25 | — | — | 1.27* |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Also additional 0.655p for 1977. ' South African cents throughout.

## Ocean Transport setback greater than expected

A GREATER than expected profit downturn, including a £10.83m reduction in associate contributions and a £2.02m loss on the sale of ships, is reported by Ocean Transport and Trading for the June 30, 1978 half year.

But directors say that while the world shipping scene remains depressed there was a special concentration of adverse factors in the first half and that there are reasons to expect an improvement in the second half, particularly a return to more normal conditions in West Africa and some recovery at Overseas Containers (OCL). Also, its range of businesses outside deep sea shipping are steadily producing more profits.

Indications are that these improvements will strengthen in 1979, but pre-tax profit for the current year is not expected to lie outside the £9m to £10m range, compared with last year's £39.08m profit. The half year profit came to £2.35m compared with £26.14m in the same period last year.

Given the prospects of an improved second half, the gross interim dividend is unchanged, although the net payment per 25p share is up from 3.8607p to 3.9192p. An additional 0.0655p is to be paid for last year following the tax reduction. A final of 4.3273p was paid last time.

After tax of £4.76m (£4.57m), exchange losses of £4.29m compared with profits of £0.8m, minority interests of £1.02m (£33,000 credit) and a £50,000 extraordinary profit (£43,000 loss), the attributable loss for the half year came out at £7.67m against a £22.37m profit last time.

Turnover for the year was slightly ahead from £241.53m to £243.36m, and Ocean's trading profit was cut from £10.4m to £2.63m. Investment income was £1.63m lower at £3.17m and the interest charge was up from £7.19m to £8.09m.

| | Half year 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 243,362 | 241,527 |
| Depreciation | 18,528 | 9,064 |
| Trading profit | 2,638 | 10,401 |
| Investment income interest | 3,166 | 4,793 |
| Interest payable | 8,091 | 7,188 |
| Loss on disposal of ships | 2,018 | †636 |
| Share of profits of assoc. | 6,650 | 17,477 |
| Profit before tax | 2,345 | 26,144 |
| Tax | 4,757 | 4,570 |
| Net loss | 2,412 | *21,574 |
| Exchange loss | 4,288 | *842 |
| To minorities | 1,022 | ‡33 |
| Extraordinary profit | 50 | ‡43 |
| Attributable loss | 7,672 | *22,366 |

* Profit. † From. ‡ Loss.

At the May AGM, members were warned that there would be a "very considerable" reduction in 1978 profits. They were told an aggregation of factors—world recession, the continuing slump in bulk shipping, increased competition in some of its own (and OCL's) liner trades and West African delays—would contribute to the reduction.

The fall in profitability and in proceeds from the sale of ships was expected to produce a reduction in income from cash surpluses.

See Lex

## W. Turner ahead at six months

FOR THE 26 weeks ended July 1, 1978, profits before tax of W. and E. Turner increased from £182,921 to £278,291 on higher turnover of £5.24m against £4.07m.

The profit is struck after depreciation of £126,605 (£111,019) and a £20,000 provision last year for exceptional repairs to properties. Tax charge is £137,000 against £113,000.

Earnings per 10p share are shown as 1.17p (0.67p) and the interim dividend is effectively raised from 0.3444p to 0.4p. Last year's total was equal to 1.162713p from record pre-tax profits of £979,000.

The Leicester-based group trades as multiple retailers of footwear, hosiery, handbags, etc.

## Hillards well placed to progress

ALTHOUGH TRADING in the next few months is likely to remain difficult, the trend of sales at Hillards since the year-end indicates there is no justification for taking a pessimistic view of the outcome of the current year, says Mr. G. N. Hunter, the chairman, in his annual statement.

The company, which operates supermarkets and stores, is well placed to make further progress in the years ahead, he adds.

As reported on July 28 pre-tax profits for the year to April 29, 1978 were unchanged at £2.31m, on turnover up by 17 per cent to £82.9m. On a CCA basis, profits are reduced to £2.22m (£2.23m).

During the year, the company financed capital expenditure of £2.7m and at the year-end had £4.3m cash on deposit to finance further developments.

Since the year-end, £1.9m additional finance has been negotiated as well as more favourable terms for existing secured loans.

Two new supermarkets at Grimsby and Alfreton were opened during the year and since June 5, 1978, the company has been operating 17 smaller stores in London and the South East which were acquired from Key Markets, a Fitch Lovell subsidiary.

These stores are being developed as a separate division distinct from the existing stores in the group and should make a contribution to profits in 1979-80, Mr. Hunter explains.

Three new superstores, all larger than any of the company's present stores, are being built at Mickleover, Batley and Huddersfield; one should open towards the end of 1978-79 and the others during the following year, the chairman points out.

He adds that two small stores have recently been closed.

## Cooper Industries starts well

THE current year has started well at Cooper Industries with expectations of a better half year and another full year of increased profits, Mr. C. C. Cooper, the chairman, says in his annual report.

In the year to April 30, 1978, profits before tax rose from £1.78m to a record £1.88m on turnover of £24.72m against £20.3m. The steel division contributed £1.08m to profits and distribution and construction, £148,000. Associates' share was £606,000.

The results were achieved against a continuing background of industrial uncertainty, the chairman says. During the year, net tangible asset value per share increased to a record 23.9p per share and the dividend is the maximum permitted 0.883p.

## Midterm advance by Wolf Tools

FOR THE first six months of 1978, taxable profits of Wolf Electric Tools (Holdings) advanced from £1,208,000 to £1,388,000, on sales of £9.22m against £7.94m.

After tax of £722,000 (£628,000) net profits rose from £580,000 to £667,000. An interim of 0.625p net per 25p share is to be paid on increased capital—last year's single payment was an adjusted 1.2687p from £2.69m record pre-tax profits.

## Brocks Group jumps at midway to £0.5m—sees £1m for year

ON TURNOVER up from £3.19m to £3.34m taxable profit of Brocks Group of Companies jumped from £365,743 to £497,276 in the June 30, 1978, half year.

Directors say the tax charge cannot be assessed, but will again be below normal. The interim dividend is lifted from 1.4p net per 10p share to 1.54p, and will absorb £130,445 (£118,587). Last year a 2.004p final was paid on profits of £0.99m.

In May, Mr. B. R. Clack, the chairman, said he expected profit of the group—without the security division sold to Automated Security Holdings—to be in the region of £1m for the full year. With hoped-for acquisitions taking place this year, he was certain considerable advances would be made in 1979.

### ● comment

The saving in interest charges following the sale of the alarms division has made a major impact on Brocks' figures. Interest savings thanks to the £2m cash which came in from the sale could be responsible for as much as £100,000 of the £131,533 increase in profits. Take into account some group overhead savings after the sale and the underlying performance from the remaining marine navigation equipment and car radio divisions has not been particularly impressive. The marine equipment side (sales of around £3m of which 40 per cent are exports) has faced problems in Europe where demand has turned down through the home market has been a bit better. Elsewhere car radios were a poor selling line but the upturn in consumer spending is now beginning to show through in higher orders. Overall the group's earlier forecast of £1m profit for the year still stands and assuming a 20 per cent tax charge (the maximum it believes it will have to pay) the shares stand on a prospective p/e of 7.4 and yield of 8.2 per cent at 71p. That seems a reasonable rating, and with the alarms side out of the way Brocks will be expanding its marine equipment. An acquisition of a private company making profits of over £100,000 is in the pipeline.

### MONKS TRUST

Monks Investment Trust has borrowed U.S.$5m repayable in five annual instalments commencing in 1979 from an American bank.

The loan is for investment in dollar bonds issued by certain EEC institutions in terms of supplement 35 to E.C. 7 of January 1, 1978.

## Bogod in line with forecast

IN LINE with forecast Bogod-Pelepah reports similar pre-tax profits for the year to March 31, 1978 with a figure of £381,564 against £394,002. Turnover for the period advanced from £3.82m to £4.2m.

At halfway when profits were up from £72,000 to £84,000 the directors said that if the anticipated profit was achieved then an increased final dividend would be paid. In the event it is lifted from 0.6183p to 0.7p on the ordinary share and from 1.237p to 1.4p on the 'A' restricted voting shares. This raises the totals to 1p (0.8835p) and 2p (1.787p) respectively. The cost is £48,454 (£43,296).

After tax of £200,273 (£208,525) net profit for the year emerged at £181,291 (£185,477).

The company distributes sewing machines and parts, etc., and manufactures and distributes textile and clothing machinery.

## Improvement by Walter Alexander

On an 8.4 per cent increase in turnover from £27.1m to £29.4m pre-tax profit of Walter Alexander, coachbuilders, rose 20 per cent from £1.95m to £2.34m in the year to March 31, 1978.

Earnings per 10p share advanced from 13.3p to 16.2p and the dividend is stepped up from 4.25p to 4.83p with a final payment of 2.725p net.

Mr. Walter Alexander, chairman, says that budgets indicate the current year will produce improved results from virtually all activities, and profits for the first three months confirm this trend. He is hopeful therefore that another satisfactory increase in profits will be achieved by the group as a whole.

The directors are continuing to concentrate on strengthening and developing existing business, and this will involve fairly heavy capital expenditure during the year. They are confident, however, that this can be funded from cash flow.

On a current cost basis pre-tax profit for 1977-78 is shown at £1.73m (£1.54m), after adjustments for depreciation £123,000 (£95,000), cost of sales £230,000 (£149,000) and gearing £99,000 (£73,000).

## Mitchell Somers confident

THERE IS still no sign of an upturn in business for some of Mitchell Somers' customers, but directors are confident of grasping the opportunities that are emerging in its range of activities, Mr. L. J. Thomas, the chairman says. But despite this faith no profit prediction could be meaningful in current circumstances, he says in his annual statement.

In the April 1, 1978 year, when pre-tax profit rose from £2.1m, to £2.73m, the group spent some £1.1m on capital goods, and this will be accelerated in the current year. Last year the Wolverhampton Die Company was also acquired, and since the acquisition £400,000 has been spent on new plant. Since the year end the deal has been concluded whereby it has bought the entire crankshaft machining capacity of another firm for around £1m.

It is also re-organising the part of its business serving the steel industry and is curtailing operations of Walter Somers (Materials Handling) at Netherton and transferring them to Halesowen.

As a corollary, it is seeking acquisitions to reinforce its successes in component supplies, forging and machining heavy shafts and the distribution of engineering merchandise.

Meeting, Great Eastern Hotel, EC, September 14 at 2.45 pm.

## Restmor finishes year with record £0.95m

PROFITS before tax of the Restmor Group increased from £817,862 to a record £945,927 in the year ended April 30, 1978. Turnover was higher at £7.35m compared with £6.18m.

In January, the directors considered the interim results to be satisfactory—profits were up from £363,908 to £448,433 on turnover of £3.45m (£2.78m)—but anticipated that the rate of sales growth was unlikely to be maintained during the second six months.

Earnings per 25p share for the year are shown at 30.14p against 28.15p and a final dividend of 4.3697p makes a maximum permitted total of 5.3947p compared with 4.8298p. A two-for-one scrip issue is also proposed.

### ● comment

Restmor's profits growth dropped to a tenth in the second six months after a mid-term gain of 20 per cent, because of tighter margins on its more expensive items. There has been a general resistance to price increases on prams so the company has been absorbing some costs such as higher raw material prices to protect sales. Nevertheless, supported by Mothercare which accounts for around half of group sales, full year profits are 16 per cent higher. For the immediate future demand for the company's baby carriages and nursery furniture should be more stable as the drop in the birth rate has levelled off. However, although consumer spending is rising, the company still seems hesitant to risk raising prices to cover costs, so margins will continue to be under pressure. At this early stage around £1.1m looks likely for the year. The market was pleased with the two-for-one scrip issue and the shares jumped 18p to 175p. At this level the p/e is 5.7 while the yield is almost 5 per cent.

Earnings are shown at 3.07p (1.9p). A final dividend of 0.35p net is to be paid for a total of 0.7p. An interim dividend of 0.35p was last paid in 1973-74.

Directors say all but two properties have been sold since balance date at figures corresponding with book value. It is expected that the remaining Dublin property will soon be sold, leaving one property in England which is now showing a good return.

Directors can now concentrate on the two trading subsidiaries. They say that with Athena International, the groundwork laid is paying off in substantially increased turnover, giving every indication of a marked profit improvement in the current year. At Metalair the current year is expected to show increased turnover and profit.

## English and Overseas Inv. up to £0.3m

After a first half recovery from £25,823 to £147,318 and in line with forecasts of a maintenance of the improvement, taxable profit of English and Overseas Investments ended the March 31, 1978 year ahead from £184,238 to £316,073. Turnover was £5.41m compared with £4.23m previously.

There is no tax compared against an £11,075 credit last time, and earnings per 10p share are shown at 3.07p (1.9p).

## Meat Trade falls to £362,328

A SECOND half fall from £260,816 to £177,033, left pre-tax profits of Meat Trade Suppliers down for the full year to April 1, 1978, from £461,445 to £362,328. Turnover was lower at £9.47m against £10.24m last time.

After tax of £159,250 (£208,627) earnings are shown as 7.7p (9.6p) per 25p share and the dividend payout is stepped up to 7.32p (7.21p) net with a final of 4.02p.

## Burma majority not proposing liquidation

The majority directors of the investment trust Burma Mines are not, as reported yesterday, proposing at the EGM on October 18, that the company should be put into liquidation. Instead they propose that the greater part of the company's assets, £1.35m, should be returned to shareholders by way of a reduction of capital and the payment of 10p a share.

Thereafter they say, the company should stay in being with a view to receiving the annual £37,500 which the Burmese government is paying in compensation for the assets nationalised in 1965, and for building capital assets from their depleted base.

## Continued growth looked for at Cowan de Groot

ALTHOUGH TRADING conditions are still far from easy, Cowan de Groot hopes to maintain a continuing growth pattern during the current year, both by internal progress and by a planned programme of acquisitions, states Mr. Derrick Cowan, the chairman.

Overall sales throughout the group are significantly ahead of those for the same period last year, he tells members in his annual statement.

As reported August 9, pre-tax profits for the year to April 30, 1978, were higher at £1.92m (£1.81m) after a virtually static second half. Turnover rose from £27.46m to £32.17m, including export sales of £1.01m (£0.62m).

In the context of the June, 1977, rights issue, the net dividend total is being raised from 1.723p to 2.308p per 10p share. A preference scrip issue is also proposed, on the basis of one new 10½ per cent preference share for every 10 ordinary held.

A divisional analysis of turnover and profit shows (in £000): toys and giftware £6,847 (£6,780) and £398 (£689), electrical and hardware £20,566 (£17,576) and £1,105 (£968), Russian shop £406 (£346) and £56 (£49), and machinery £4,332 (£2,737) and £157 (£108).

Despite the generally difficult conditions prevailing in the toy trade, the toys and giftware section had a satisfactory year, says the chairman, although profit growth was inhibited by a container base strike during April which delayed the arrival of many cargoes until May.

D. Dekker suffered a fall in profits despite maintaining sales at an acceptable level, while Carson Baker had a particularly successful year, he adds.

The forward sales position in the toy division exceeds that of the same period last year and the directors anticipate a prosperous Christmas season.

The directors are particularly encouraged by excellent results achieved by some of the smaller units in the electrical and hardware division and especially by the continuing growth of A. Berkeley and Gordon Randow.

Although Richard Kelley produced increased profit on a reduced turnover, Mr. Cowan says the results of Hardman and Leigh are still disappointing. However, the directors are confident that positive action being taken to reorganise this business will lead to a speedy return to a more desirable level of profitability.

Profits continue to rise in the Russian shop division and as part of the plan for further development, an additional retail outlet is to be opened in an important London area.

The chairman points out the machinery section made great progress, but adds that Millbrook Plastics has still to find its way into profit and incurred losses of some £30,000 for the year, partly due to a large bad debt.

Thus the move to a satisfactory return has been slower than planned, he states, but steps have been taken to reorganise the factory and the directors hope these will produce the required results.

Meeting, Abercorn Rooms, EC, September 13, noon.

## Good start for Heywood Williams

Mr. Douglas Oliphant, chairman of Heywood Williams Group, told shareholders at the AGM that results for the first quarter of the current year to April, 1979, were considerably ahead of the previous year. He reaffirmed his confidence in the group overall.

UK progress was satisfactory and the first-time contribution from the U.S. would be significant. Only South Africa was "dragging its feet," and this was more because of national economic problems than any inherent weakness in the company.

## U.S. growth for Hogg Robinson

Hogg Robinson Group's new ventures in reinsurance underwriting and equipment leasing have got off to a good start and Mr. Morris Abbott, the chairman, is confident both will progress and become useful contributors to future profits.

The reinsurance broking division had concentrated on expanding its activities in existing areas and new territories, directors say in a divisional review with accounts. Premium income has now reached £70m, showing growth on the previous year. At the same time the division's expense ratio has been cut.

On the North American side, Mr. Abbott says the group intends to continue its efforts to increase its involvement in this area. The recent announcement of a Lloyd's type market in New York is evidence of the increasing importance which the U.S. market will assume in the future.

The directors say new marketing schemes established to satisfy the requirements of its U.S. correspondents are now showing promise, and a satisfactory growth in their income is expected this year. And despite the strengthening of the U.S. domestic market, Hogg Robinson's international broking business in North America will continue to grow at a satisfactory rate, they say.

Elsewhere, the group has formed a new reinsurance intermediary in Paris with Banque Worms, and directors have high hopes for worthwhile development.

In the Far East the group is looking for expansion, and in the Middle East it looks to the area to give the group major opportunities in the future.

The subsidiary, Control Risks, which provides consultancy services on crime prevention, is widening its activities. It is now supplying a service to banks and other financial institutions in the U.S. with regard to preventing fraud and other losses, and directors believe the company has a substantial contribution to make to future profits.

On the transport side prospects for the current year's operations of Hogg Robinson (Travel) are most encouraging, with good profit growth again forecast.

The sale this year of a 60 per cent stake in its Nigerian subsidiary is expected to result in a £350,000 loss, which will be taken from reserves.

As previously reported, taxable profit in the March 31, 1978, year advanced from £7.86m to £9.51m on turnover ahead from £24.54m to £30.05m.

Meeting, Baltic Exchange, EC, September 22 at 12.15 pm.



## American Trust midway progress

Pre-tax revenue for the half year to July 31 1978 of American Trust Co. rose from £1.03m to £1.2m. Figures exclude results from Crescent Life Assurance Company.

The interim dividend is stepped up to 0.55p (0.5p) net per 25p share—last year's final was 0.85p.

UK tax for the period took £468,363 (£377,220) and overseas £50,791 (£49,357) leaving net revenue at £684,450 against £607,864. Revenue available for the 1977-78 year came out at £1.12m (£876,178).

At July 31 net asset value per share is given as 61.8p (53.5p).

### ISSUE NEWS

## Yearlings up to 9¾%

The coupon rate on the yearling bonds has moved ahead this week from 9⅝ per cent to 9¾ per cent. The issues are made at par and due on August 29, 1979.

The issues are:—Crawley Borough Council (£½m), Kirklees Metropolitan Borough Council (£½m), Ettrick and Lauderdale District Council (£½m), Cunninghame District Council (£1m), Hertfordshire County Council (£1m), West Yorkshire Metropolitan County Council (£½m), London Borough of Barnet (£1m), London Borough of Croydon (£1m), Doncaster Metropolitan Borough Council (£0.4m), Borough of Epsom and Ewell (£½m), Lichfield District Council (£½m), City of Kingston Upon Hull (£1m), Merseyside County Council (£½m), St. Edmundsbury Borough Council (£½m), Walsall Metropolitan Borough Council (£½m), Borough of Hyndburn (£½m), Wansbeck District Council (£0.3m), City of Carlisle District Council (£½m), Wellingborough District Council (£½m).

Burnley Borough Council has raised £½m of five-year variable rate bonds at £99½ per cent maturing on August 17, 1983.

### ELBIEF SCRIP

The Board of Elbief is proposing to double the authorised capital to £1.3m, and follow this with a scrip issue of one-for-one. The shares will then be consolidated by converting two 5p shares into one share of 10p.

### S & F INDEX SHOWS 19.5% GAIN

Singer and Friedlander's "New Issue Index" rose by 19.5 per cent during the nine months to June 30, 1978. Over the same period the FT All-Share Index fell by 6.1 per cent.

The S and F index is derived from the price performance of companies which have obtained a market quotation by way of an offer or placing during the past 12 quarters.

At the end of June the index stood at 264.0 compared with the All Share at 210.67. The base date is December 31, 1970, when both indices stood at 136.26.

Of the companies which now constitute the S and F Index the worst performance has been by Borthwicks which, adjusting for new shares issued in the acquisition of Matthews Holdings, shows a fall of 37 per cent at June 30 from its issue price of 80p in July 1976.

The best gains have been seen in Sotheby and City Hotels which have risen by 93 per cent and 88 per cent respectively since their issue in June 1977.

## Export orders at Mining Supplies

The overall performance of the Mining Supplies group is on a continued growth level and prospects are encouraging for the future, Mr. A Snipe, the chairman, says in his annual statement.

He says that following the display of new mining equipment in Birmingham last October, substantial orders have been received from the U.S., Canada and Australia. Strong enquiries have been made from other countries.

Mr. Snipe expects a rapid growth of exports in the next five years and says the group is considering a manufacturing branch in Canada to facilitate further expansion in that market, and also in the U.S. Similar action will be considered in other countries should it be found necessary.

The subsidiary, Mechforge has maintained its performance as a major supplier of forging to the mechanical handling industry and is now in the first stage of a £1m three-year expansion programme which will provide more factory space and more advanced semi-automatic forging machinery.

Mech Cast and Mech Construction have also continued to grow and make useful profit contributions, he says. Order books are generally good in these areas. Mech Electric has, however, not performed up to target mainly owing to market conditions.

As previously reported taxable profit of the group in the April 29, 1978, year advanced from £1.75m to £1.84m. A current cost statement shows this reduced to £1.56m by cost of sales of £0.32m and additional depreciation of £0.22m offset by a £0.26m gearing adjustment.

The balance sheet shows total fixed assets ahead from £3.94m to £4.59m and net current assets of £1.9m (£1.34m). Authorised and contracted capital spending is shown at £0.8m (£0.29m).

Meeting, Doncaster, September 11 at noon.

## Hampton Trust issues writs

The latest annual report and accounts of Hampton Trust reveals that the company has issued writs against two former directors, Mr. F. P. Brewer and Mr. G. P. Spanner and their respective companies Clintonmead Ltd. and Mellion Ltd.

The writs are in respect of amounts totalling £35,173 included in the previous year's accounts and explained as "Expenses and obligations incurred by a former director."

## RESULTS AND ACCOUNTS IN BRIEF

**CARTER THERMAL INDUSTRIES**—For year 1977 turnover was £6.9m and pre-tax profit £151,537. Net assets stood at £1,077,207, of which net current assets £539,097. Order book very satisfactory. Some contracts will extend into 1979 and impracticable to predict results for the current year, but prospects are for modest increase over the 1977 figures.

**CSC INVESTMENT TRUST**—For June 30, 1978, half year gross income £63,138 (£73,697). Net revenue £21,263 (£24,777) after tax of £16,116 (£13,341). Value of investments £2.27m (£1.88m). Net asset value per 25p share 105p (83.4p).

**EX-LANDS**—Results for 1977 already known. Group fixed assets £290,050 (£255,565), investments £715,949 (£643,599), current assets £882,054 (£667,500), current liabilities £340,623 (£238,521). Liquid funds increased by £3,538 (£127,922 decrease). Ewaku Co. holds 26.25 per cent of equity and Western Selection and Development Co. 10.93 per cent. Meeting, 23-35 City Road, EC September 7, 11 am.

**E. FERTLEMAN AND SONS** (furniture makers)—Results for year to March 31 1978 already known. Group fixed assets [illegible] ([illegible]), net current assets [illegible] ([illegible]). Net liquid funds decreased by £95,000 (£95,000 increase). Meeting, Tower Hotel, E. September 11 at 3 pm.

**HOLLAS GROUP**—Results for year to March 31, 1978 already known. Group fixed assets £2.63m (£2.55m), net current assets £0.74m (£0.72m). Net liquid funds increased £23,659 (£255,130 decrease). Meeting, Ashley Hotel, Altrincham, September 8 at 11 a.m.

**KINTA KELLAS RUBBER ESTATES**—Results for year to March 31, 1978, reported July 7. Fixed assets £1.56m (£1.55m). Net current assets £156,336 (£172,873). Chairman says that for first three months of current year to end of June 1978, crop harvested was 683,612 kg., compared with 572,593 kg. for similar period in 1977. With present improved outlook for rubber and better crops now expected, trading prospects for current year seem encouraging. Malaysia Rubber Company holds 24.2 per cent of capital. Meeting, 1-4 Great Tower Street, EC, September 7, at noon.

**D. M. LANCASTER** (merchants, converters and rayon and nylon fabrics)—Turnover £102,041 (£115,049) for 27 weeks to January 7, 1978, profit £1,736 (£5,416), before tax £657 (£1,750). Extraordinary items nil (debit £1,298). Board believes that second half will show a similar result to the first.

**SECOND GREAT NORTHERN INVESTMENT TRUST**—Results year to May 31, 1978 reported July 12. Investments £24.8m (£21.95m), unrealised gains on revaluation £10.06m (£8.43m), net current assets £363,165 (£137,725). Meeting, Glasgow, September 11 at 10.30 am.

**SEKERS INTERNATIONAL** (fabrics and curtains)—Results for March 31, 1978 year reported June 19. Group fixed assets £891,444 (£963,346), net current assets £1.37m (£902,799). Bank overdrafts £625,800 (£611,178), loans and short-term debt £115,205 (£32,705). Chairman says total borrowings have been reduced by £200,000 in four months since year-end and current gearing levels correspond to those at same time last year. Meeting, Whitehaven, September 12, noon.

**TYNE PLYWOOD (HOLDINGS)** (subsidiary of GUS)—Turnover for year to March 31, 1978, £14,319,472 (£15,205,184). Net profit £332,978 (£186,100) after tax £463,190 (£353,607). Earnings 33.22p (25.15p) per share.

**TYNESIDE INVESTMENT TRUST**—Gross revenue £304,434 (£290,686) for six months to July 31, 1978. Available £156,350 (£146,079). Ordinary dividends £98,052 (£64,938). Investments and net current assets £12,067,354 (£10,568,316), net asset value per 25p share 164.3p (145.7p).

## BIDS AND DEALS

# Tilling stays in the fight for Fluidrive

Unperturbed by the very low level of acceptances, Thomas Tilling yesterday renewed its contested £3.8m share offer for Fluidrive Engineering on the same terms.

The offer of five Tilling shares for every eight Fluidrive shares was first announced on May 31 and has attracted acceptances covering 31,999 of Fluidrive's 6.87m shares. It was topped by an agreed bid from Associated Engineering of 80p a share cash or three shares for every four Fluidrive shares, which is due to close on Friday.

During the course of the contest the respective values of the share elements of the two offers have seesawed with Tilling getting a nose in front briefly in early August. However, a bullish report on Associated Engineering's prospects circulated by the broking firm, Laing and Cruickshank, on August 9 helped lift AE's price and gave it a considerable edge.

A Tilling director, Mr. D. W. G. Sawyer, explaining the decision to renew the offer, said that it enabled his company to keep its options open. "We believe it is up to the shareholders to decide on the relative merits of the alternative offers," he said. "They have not in the past been falling over themselves to get into the other camp who have, in fact, had to pay out good money to entice them."

The renewed offer will close on September 29, a week or so after Tilling releases its interim results for the six months to June 30. In a letter to Fluidrive shareholders Sir Robert Taylor, chairman of Tilling, repeated his suggestion that the AE offer be rejected. The arguments for rejection have been put in other letters to shareholders he said and, in essence, are "the weak demand and falling profits experienced by both AE and Fluidrive; AE's lack of previous experience in industrial power transmissions; and AE's failure to disclose the cost and nature of its plans for the proposed development of Fluidrive as a major force in a highly competitive industry."

The AE camp will not be disclosing the level of acceptances of its offer until after the market closes, but it is believed that with market purchases and acceptances it controls in excess of 13 per cent of Fluidrive's shares.

### PHOENIX MINING AND GLOBE

Singer and Friedlander, the independent merchant bank called in to advise Phoenix Mining and Finance shareholders, has recommended them to vote in favour of the disposal of stock in Globe and Phoenix Gold Mining Company by way of a rights issue to shareholders, but suggested that they should not take up the stock themselves.

Phoenix is offering the 252,734 stock units of Globe "in view of the undesirability of cross-holdings," writes the chairman, Mr. B. S. Cleminson. But shareholders will be able to receive cash instead since African Lakes Corporation, a company of which Mr. Cleminson is also chairman, has undertaken to apply for a maximum of 182,000 shares in Globe in addition to those which it has rights to through its shareholding in Phoenix.

The effective cash alternative of 65p per share represents "fair value" for Globe according to Singer and Friedlander. It advises shareholders to take the money rather than shares in Globe "unless shareholders have their own particular reasons for investing money in securities which rely largely on the political future of Rhodesia."

Mr. Cleminson said yesterday that the share rights issue would bring to an end the cross-holdings which had been so hotly criticised last year when a merger between the two companies had been rejected by shareholders. It would divide the companies concerned into one with, and one quite without, Rhodesian interests while simultaneously giving Phoenix shareholders who wanted to retain an interest in Rhodesia the right to do so.

An appendix to the document shows that African Lakes has been a frequent buyer of Globe shares and also, to a lesser extent, of Phoenix Mining shares. If it obtains the number of Globe shares it has applied for, it will own 29.9 per cent of the equity.

Meanwhile Globe will continue to own 42.77 per cent of Phoenix Mining. Mr. Cleminson said yesterday that there were no plans at present for Globe either to sell this investment or make a full bid.

### LAMPA TO SELL HUGH MOSS

Details of Lampa Securities proposals to unwind itself from its investment in Hugh Moss, the fine art company, has been sent to shareholders by the liquidator, Mr. A. E. Wheatley.

Under the proposals, Lampa, which is in voluntary liquidation, is to acquire all the stock held by Moss, valued at £582,000 and principally oriental art and ceramics. In return, Lampa, which wholly owns Moss, will cancel debts owed to the parent company totalling £524,000.

Lampa will then sell its shares in Moss to Aneiza for £25,000. According to unaudited accounts, the remaining assets of Moss will have a net book value of £110,000. Lampa shareholders will have the opportunity to vote on the proposals at an EGM on September 12.

## Deutsche BP acquisition financing

DEUTSCHE BP is to draw on DM200m (£51.8m.) of unissued capital authorised by the BP parent company in 1976 to help finance its £200m takeover of parts of the VEBA group, the West German energy concern.

But Mr. Hellmuth Buddenburg, chairman of Deutsche BP, has stressed that the DM200m will come from BP group funds and not from North Sea oil revenues. Mr. Buddenburg, says the company will have no difficulty in finding the other DM600m needed for the Veba deal. It will be raised through the money and capital markets.

Under the deal, Deutsche BP will acquire the refinery and gas interests of Gelsenberg, a Veba subsidiary. It will also acquire a strong presence in the West German fuel and petrol station areas through the takeover of Stinnes, Veba's transport and trading subsidiary.

Mr. Buddenberg said the takeover of these Veba operations should give BP an extra market potential of 7.5m tonnes for its oil products, plus additional production capacity of 4m tonnes. This was expected to give existing BP refineries greater access to markets and it might even put up capacity usage from the present 60 per cent to 75 per cent or 80 per cent.

### NO PROBES

The proposed mergers between Covina NV and Marryat Group, Hollandshe Beton Groep NV and Edmund Nuttall Sons and Co. (Manchester), and Travis and Arnold and Ellis and Everard (Building Supplies) are not being referred to the Monopolies Commission.

### DAVY PURCHASE

Davy International has acquired the process control systems business of Marlow Industrial Systems for £70,000.

# NEB and Ferranti unite to rescue Vetre Resin

The National Enterprise Board is to combine forces with Ferranti to rescue Vetro Resin Engineering a glass fibre company, from the hands of the Receiver.

Under the terms of the latest deal Ferranti and the NEB are to set up a new company, Ferranti Resin, to acquire the assets of Vetro which manufactures glass fibre storage tanks for the chemical industry.

The NEB is to pay £294,000 for a 49 per cent stake in the new company. Ferranti is taking 51 per cent by injecting into the new company its resin insulation business based at Hollinwood, with net assets thought to be in the region of £300,000.

The Hollinwood business takes resins used in glass fibre production to manufacture insulation for tubes used in the electrical industry.

The deal strengthens the links between the NEB and Ferranti at a time when the NEB is proposing to dispose of some of its holdings in the electronic engineering company, as part of the scheme by which Ferranti is to regain a full listing on the stock market—due to take place next month.

### WESTMINSTER PROPERTY

In a statement issued to the Stock Exchange yesterday, Westminster Property Group announced that preliminary talks are taking place with regard to a possible acquisition by WPG in exchange for shares.

The statement, issued on the advice of Dawnay Day, the group's merchant banker, follows recent market speculation about a major property purchase by Westminster. Mr. Ronald Edwards, Westminster's chairman, hopes to have further details for shareholders "in a few days." In the meantime the shares, up from 18p at the week-end closed yesterday at 21½p.

### LONDON UNITED IN U.S. VENTURE

London United Investments, the insurance group, is extending its operations in the U.S. through a joint venture arrangement with the Beneficial Group, which is based in Los Angeles.

The joint venture between Transit Casualty Insurance Company, a wholly owned subsidiary of Beneficial Group, and London United is to take the form of a new insurance underwriting agency incorporated in the U.S.—the National Underwriting Agency—and to be based in Chicago.

London United has subscribed $7,500 to the total share capital of $20,000 of the new underwriting agency which has been formed to participate in the domestic excess casualty market in the U.S.

## UB expands frozen foods

In a move designed to strengthen its fast growing frozen foods division, United Biscuits has acquired the privately owned T. Pittas bakery concern in a shares and cash deal worth some £700,000.

Under the terms, the Pittas family is to get 150,000 UB shares and a cash payment, likely to be around £550,000.

Mr. R. I. D. Miller, managing director of UB Frozen Foods, said that Pittas's business in chilled foods such as cream cakes was compatible with UB's frozen food operations. In the year to March, 1978, Pittas generated sales of just under £3m and pre-tax profits of £100,000.

This compares with UB frozen foods sales which have increased sharply over the last 18 months and which are currently running at more than £20m a year. Growth has been largely from acquisitions and Mr. Miller said that Pittas with its national distribution operation would further strengthen the division.

### BOVBOURNE MEN JOIN HENSHALL

Following the controversial takeover of W. Henshall and Sons (Addlestone) by Bovbourne, four new directors representing Bovbourne have been appointed to the Henshall Board.

A special meeting of the company yesterday approved the appointments of Mr. Sam MacDonald-Hall, chairman of Bovbourne who will also take over the Henshall chair, and his son Mr. Casper MacDonald-Hall, Mr. Jeffrey Smith, Bovbourne's finance director and Mr. Tony Hucker, the legal adviser, also joined the Board.

The five existing Henshall directors remain on the Board.

### SHARE STAKES

Astra Industrial Group—K. G. Hanlon bought 71,000 shares on his appointment as non-executive director.

Fothergill and Harvey — Britannic Assurance has bought 35,000 shares increasing holding to 440,000 (7.14 per cent).

Best and May—Crown House has notified that Lygon Securities—formerly Linley Property Investments—is interested in 427,500 shares (19 per cent).

Cavenham — J. Greenhalgh, director, on August 16 sold 16,000 10 per cent first preference shares at 98½p.

Bulmer and Lumb—A trust of which E. K. Macaulay, director, is a trustee has sold 110,980 shares. This was non-beneficial holding.

Jersey External Trust—A. G. Gilmor holds 31,224 shares beneficial and 31,220 non-beneficial.

King and Shaxson—25,000 shares have been sold for the account of T. S. Hohler, W. A. O. J. Bell, W. E. C. D. Abbans, D. R. Jarrett and Sir E. C. W. M. Penn.

Feedex—J. W. P. Curtis, director, advises that 348,375 shares in which he has an interest through Northern Pig Development have been sold.

Francis Industries—West City Securities has sold 100,000 shares reducing holding to 450,418 (6.19 per cent)

Blundell-Permoglaze Holdings—Britannic Assurance has acquired further shares making holding 420,000 shares (8.164 per cent).

Burnett and Hallamshire Holdings—N. F. Swiffen, director, disposed of 38,313 "A" ordinary shares—non beneficial—on August 16.

Fairview Estates—J. N. B. Bickel, director, on August 10 disposed of 30,000 shares.

West Bromwich Spring—ITC Pensions Trust jointly with ITC Pensions Investments has acquired 87,500 shares making holding 400,000. Iron Trades Employees Insurance Association has acquired 234,625 shares making holding 397,125.

Electric and General Investment—Sir Charles Troughton, director, has become interested non beneficially in further 27,500 shares. Beneficial holding 1,580 shares and non beneficial 38,303.

Leigh Interests—Mrs. J. Agar has sold 100,000 shares.

H. Samuel—J. N. Lindop, director, sold from non beneficial holding as a trustee 12,965 "A" ordinary shares at 315p on August 1 and 20,000 at 185p on August 10.

Blackwood Hodge: Mr. W. A. Shapland and Mr. G. Law, directors, have disposed of non-beneficial interests in a total of 2,250,258 ordinary shares.

Trafalgar House: As a result of the sale of 239,103 shares at 139½p, the beneficial holding of Mr. Nigel Broakes, chairman, is now 3.5m shares (2.19 per cent).

Amalgamated Industrials: P. C. Hegard, director, bought on August 18 4,000 7 per cent (4.9 per cent net) preference shares at 45½p making total holding 29,000.

C. H. Industrials — Scottish Northern Investment Trust has bought 100,000 shares making holding 800,000 (4.56 per cent).

Bambers Stores — S. Marks, director, has sold 25,000 shares.

Automated Security (Holdings) —D. W. Smith, director, has sold 46,000 shares; present holding 381,000.

## MINING NEWS

# De Beers gives another strong performance

BY KENNETH MARSTON, MINING EDITOR

MIRRORING the buoyancy of the market for diamonds, net group profits of De Beers for the first half of this year have advanced to a best-ever R374.7m (£223.6m), or 104 cents per share.

They were R285.4m in the same period of 1977 when the year's total was a record R623.3m. The latest interim is being raised to 20 cents (11.9p) from 17.5 cents last time when the subsequent final was 35 cents.

The latest results will have been boosted by an exceptionally strong demand for diamonds in the earlier part of the year when hoarding of uncut gems by merchants as a hedge against currency and other uncertainties resulted in De Beers' Central Selling Organisation imposing surcharges on its basic prices which had been increased by an average of 17 per cent in December, 1977.

There are 10 "sights," or diamond sales, a year carried out by the CSO. A surcharge of 40 per cent was imposed at the March sight this year; this was followed by one of 25 per cent in May; 15 per cent in June and 10 per cent in July. The surcharge was then dropped and, instead, the CSO made a straightforward increase of 30 per cent to come into effect at the sight which is currently in progress.

Diamonds are priced in U.S. dollars and so the weakness in that currency played a major part in the CSO's latest big price increase. Meanwhile, it is understood that the higher prices are being quite well received at the current sight at which dealers prepare for the demands of the important U.S. Christmas market.

Providing, therefore, that the demand for diamonds retains its good form, the high earnings of De Beers are also likely to be maintained in the current half-year. In which case the year's dividend total looks like being about 65 cents against 52.5 cents in 1977. The Deferred shares closed 13p up at 453p yesterday.

### BOTSWANA RST OUTPUT RISES

Although losses continue at the Botswana RST Selebi-Pikwe copper and nickel operation in Botswana, there was a slight lifting of the clouds in the first half of this year. Thanks to increased production coupled with a containment of costs the operating loss was reduced to Pula 210,000 (£136,000) from P5.32m in the first half of 1977.

However, after loan interest, commitment fees and currency adjustments the loss attributable to shareholders for the past half-year rose to P13.25m (£8.58m) compared with P15.51m a year ago and the 1977 total of P38.54m.

The accumulated loss is brought up to P115.74m. Total indebtedness of the operation, which is 85 per cent owned by Botswana RST and 15 per cent by the Botswana Government, amounted to P220m at June 30 last.

Meanwhile, good progress is being made at the new metallurgical and other projects. Botswana RST were 22p yesterday.

### ROUND-UP

Despite record export earnings 1977 was a "disappointing" year for Indonesia's mining industry, according to a U.S. Embassy report. Soaring capital investment costs and low world prices for several important minerals have dampened enthusiasm, at least temporarily, for major new ventures and caused the postponement of several scheduled projects. But the Embassy also pointed to record tin export earnings and a movement towards the development of coal resources for domestic energy. It also predicted that when "improving economic conditions make large-scale exploration economically attractive," Indonesia will be one of the areas in the world where exploration will be concentrated.

Killinghall (Rubber) Development Syndicate reports that all the company's applications for the renewal of mining leases nos. 1778, 4385 and 4578 have been rejected by the Selangor State Executive Council effective from the expiry date. The company has been advised that new leases of these areas have been or will be granted to Kumpulan Perangsang Selangor, the State mining corporation, and that they will be sub-leased to Killinghall Tin.

Killinghall (Rubber) is considering the question of an appeal against the decision but an appeal by another company in similar circumstances has recently been rejected.

* * *

After declining over the previous two months, South African gold production has resumed its upward path with the July figure of 1,919,481 ozs. representing an increase of 63,216 ozs over that of June. The July figure brings the seven months' total up to 13,156,988 ozs. compared with 12,906,024 ozs for the same period in 1977.

## Ass. Manganese half-year

South Africa's Associated Manganese, one of the chief profit-earners in the Anglovaal group, has reported higher revenue for the six months to end-June, with the pre-tax figure up to R12.6m (£7.5m) from R10.8m on a turnover of R56m compared with R45m a year ago.

These results are in sharp contrast to those of the larger group, S.A. Manganese Amcor (in which the State controlled steel group Iscor, is the largest shareholder) whose profits for the same period fell from R40m to R17m, reports Richard Rolfe from Johannesburg.

Associated's improved performance in part reflects timing of deliveries but, in addition, slightly higher volumes were achieved in ferro alloy and manganese, while iron ore shipments fell. However, it is not clear whether comparable figures can be obtained in the second half-year owing to the continuing weak level of demand in world steel markets.

Despite the higher pre-tax profit, distributable earnings fell from 236 cents to 118 cents, because of large allocations to reserves, reflecting the group's capital spending programme.

The interim dividend is being maintained at 30 cents, but depending on the timing of capital expenditure and on second half trading, commentators have suggested that there could be a question mark over the size of the final dividend, which was 75 cents last year.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Another hefty loss for Chase REIT

By Our Own Correspondent

NEW YORK, August 22.

CHASE MANHATTAN Mortgage and Realty Trust, the troubled REIT which has just won approval in principle from its creditor banks to restructure $250m worth of debts under the shelter of the bankruptcy laws, announced a net loss of $28.2m for the year ended May 31.

The trust, which recently defaulted on nearly $40m worth of notes and interest, is to be helped back to its feet with a $20m loan from Chase Manhattan Bank, its founder and financial adviser.

The trust also announced that it is being sued for conspiring to defraud holders of its debentures by issuing incomplete and misleading statements about its affairs. The trust says it intends "vigorously" to defend the suit.

## GM incentive offer extended

By Our Own Correspondent

MONTREAL, August 22.

FEDERAL GOVERNMENT sources confirm that an incentive offer totalling, with the Quebec Government's contribution, more than C$80m to General Motors Corporation for locating a castings plant near Montreal, has been extended for 90 days.

The plant would be located at Beauharnois, about 25 miles west of Montreal, near an Alcan Aluminium smelter, at a total cost of around C$500m.

## EUROBONDS

## Prices steady in quiet trading

By Francis Ghilès

BOND MARKETS remained very quiet yesterday for the second day running with most straight issues putting on about one eighth of a point on technical short covering.

Japanese convertibles also gained a little, helped by the strong performance of the Tokyo stock exchange and the yen's strength against the dollar.

In the Deutsche-Mark sector, all attention will be concentrated on the bond for Australia which Deutsche Bank is due to announce tomorrow. Trading yesterday was quiet with prices unchanged from Monday's levels.

# Tyre recall threat hits Firestone quarterly results

BY JOHN WYLES

NEW YORK, August 22.

FIRESTONE TIRE and Rubber Company today warned shareholders that the potential recall of its controversial "500" radial tyre could have a "very substantial adverse effect" on future earnings.

This is the first time that Firestone has publicly a addressed itself to the possible impact of a recall on its earnings and today's statement by Mr. Richard A. Riley, chairman, and Mr. Mario A. Federico, president, may reflect some pessisimism about a National Highway Traffic Safety Administration decision which is expected within the next two to three weeks.

The NHTSA has already ruled preliminarily that the tyre has a potential safety defect and a final determination will follow public hearings on the matter which took place earlier this month. Between 13m and 15m of the tyres manufactured between 1972 and early this year are believed to be still in use, but the company said today that "no specific estimate" of the impact of a recall on its earnings could be made.

Rubber industry analysts, however, have been less reticent and estimates range from $100m to $150m.

The unfavourable publicity surrounding the "500" was cited by Firestone today as one of the reasons for a decline in its third quarter and nine months earnings. In the three months ended July 31, net income fell by 29.5 per cent to $15.9m, or 27 cents a share, from $22.3m, or 39 cents a share. Sales were $1.2bn against $1.1bn. Foreign exchange losses during the quarter were substantially higher than last year at $9.8m compared with $5m and this, coupled with "a severely unsatisfactory" tyre market in Europe was an additional factor.

The company's nine month net loss of $21.1m reflects a $110m write-off of redundant plant and equipment once devoted to producing cross-ply tyres which are being edged out of the market by radials. Operating net income for the nine months was $51.9m, or 90 cents a share, compared with $84.9m, or $1.48 a share. Sales were $3.5bn compared with $3.2bn.

Exchange losses during the nine months were $19.8m compared with $2m. Firestone said that it expected its non-tyre operations in metal products and plastics to continue to fare better than last year and, except for Europe, it foresaw "good operating results" in its other foreign subsidiaries.

These latest results indicate that Firestone will fall far short of its $110.2m net income of last year and that its earnings may fall to the previous low for this decade of $92.8m set in 1970.

# Dome buys stake in Siebens

BY ROBERT GIBBENS

MONTREAL, August 22.

DOME Petroleum, one of Canada's largest oil and gas production and exploration companies, and the pension fund operated by Canadian National Railways are taking over Siebens Oil and Gas in a deal which could be worth up to C$360m in cash and stock. The pension fund, one of the largest in the country, is controlled by the Federal government.

The Hudson Bay Company, which took a major interest in Siebens about six years ago, is selling its 34 per cent stake to Dome Petroleum for a new class of preferred stock with a value of $123m. Dome does not pay a dividend on its common stock. The new preferred will pay a dividend of 7 per cent on one tranche and 7½ per cent on the other, with a provision for changes in rates. The dividend in the Bay's hands will be tax free. Analysts say that the Bay has accepted payment in this way because cash might have entailed tax on the large capital gain it has made on its Siebens stock over the past six years.

Siebens is a major land holder in western Canada, extensively in central Alberta where new oil finds have recently been made. It also has major land positions in north-western Alberta and British Columbia, in the Arctic, and in many international areas of interest including the North Sea. The company has reportedly been for sale for several months, and there had been rumours that Dome Petroleum would be the likely suitor. Last week, before trading was halted, Siebens stock reached $36. The basis for the present deal is just over $38 per share of Siebens.

Dome is a leading gas and oil producer, holds major land positions in western Canada, the Beaufort Sea above the Mackenzie Delta and in the high Arctic near the gas finds on King Christian Island.

Dome in effect will have a one-third interest in Siebens and will be the operator on behalf of the partnership with the Canadian National Railways Pension Fund. Assuming that the pension fund acquires the public holdings in Siebens, it will hold the other two-thirds, consisting mostly of the 45 per cent Siebens family interests.

The pension fund has assets of several billion dollars, investing the contributions of Canadian National Railways and its subsidiaries.

Analysts believe that the deal was certainly cleared in Ottawa and is a sequel to Dome's acquisition of a 13 per cent interest in TransCanada Pipelines, the major cross-country gas transmission company, from the Canadian Pacific group for around $95m earlier this week. They believe that Dome wants a strong say in the transmission of its growing gas resources, and is now moving back to the western plains where prospects for new oil production have improved greatly.

According to statements issued in Calgary, Siebens is to become a subsidiary of Canpar Holdings, itself a wholly-owned subsidiary of the Canadian National Railways pension fund and which was set up to develop new investment opportunities in Canada. Canpar is to finance the acquisition of its two-thirds portion of the nearly 10m Siebens shares outstanding through equity and bank borrowings, and Dome is to operate the Siebens company.

Dome will buy the Bay's 34.3 per cent interest in Siebens at the agreed price of $38.125 a share with new Dome preferred stock worth $123m.

The Bay says that it will have a pre-tax profit of about $95m, equal to $8 a share of its own stock. The new Dome preferred would add $8.8m to cash flow in a full year, and the dividend would represent 14 cents a share to the Bay's annual earnings.

## Occidental bid for Mead goes to court

By David Lascelles

NEW YORK, August 22.

OCCIDENTAL Petroleum's battle to take over Mead Corporation, the wood and forestry products company, has intensified both companies resorting to the courts

Mead, which has rejected Occidental's $758m bid, worth $35 a share, as against its shareholders' interests, filed a suit in the Federal District Court of its headquarters town of Dayton, Ohio, aimed at preventing Occidental from acquiring any more of its shares and from voting the shares it already has. Mead also wants the court to force Occidental to divest itself of any Mead shares it owns and to pay Mead damages to be assessed.

In its court papers, Mead accused Occidental of trying to deceive its officers, and of seeking to intimidate them into endorsing "an inadequate and illegal offer." According to the detailed account of events described in the court papers, Occidental began its takeover attempt no later than early 1978. Initially, Mead says, Occidental approached the company about the possibility of buying certain of its coal interests. Occidental then asked for a meeting on August 10 without saying why. But on August 9, Mead's shares suddenly shot up $4 to over $27 on Wall Street.

When the August 10 meeting took place, Occidental's chairman, Dr. Armand Hammer, and its president, Mr. Joseph Baird, told Mead officers their company was shortly to be the target of a takeover attempt by an unnamed company. They then suggested to Mead that they could avoid the takeover by agreeing to merge.

Mead says its president and chairman were then offered inducements to accept Occidental's proposal, which they turned down. Occidental then made its offer formal.

For its part, Occidental today filed a suit seeking unspecified damages, and asking Mead to reveal information to correct allegedly misleading statements put out by Mead when it rejected Occidental's offer. This relates directly to Mead's action last week boosting its quarterly dividend from 28 cents to 40 cent per share, which Occidental describes as "a fraudulent, deceptive and manipulative act."

# W. German equity market recaptures the limelight

BY GUY HAWTIN

FRANKFURT, August 22.

THIS has been a gala year for the West German stock exchanges. Equities—after several years as virtual wallflowers—have once again captured the limelight from the former stars of the German investment stage, bonds and term deposits.

Yesterday the indices reached highs that have not been seen for years. The Commerzbank index, the country's oldest index (December, 1953=100), which started the year around the 800 mark, rose to 823.4—its highest for eight years. The Frankfurter Allgemeine Zeitung's FAZ index rose to 256.16.

Today the Commerzbank's index fell back somewhat to close at 822, but most stock market observers here appear convinced that the bullish trend will continue. One said today: "basically, things have to go up because there are very few investment alternatives."

There would appear to be a good deal of logic in this argument. The upward movement the Deutsche-Mark and the weakness of the dollar have exerted further pressure on interest rates.

All of the country's major banks have reported that interest margins have been under considerable pressure, and that earnings from interest have been maintained or risen only because of an increase in volume. Coupons on bond issues have been falling steadily, and although there has been a recovery in recent months, the feeling in the market is that this is only a temporary phenomenon. The trend, it is believed, will continue downwards.

Observers here seem agreed that the increase in interest in equities is primarily domestically based. German investors, they say, have finally woken up to the effect that the West German government's corporation tax reform has had on shareholders' real earnings.

Corporation tax reform came into force last year—and 1977's dividends have been in the yardstick by which shareholders can judge prospects for future dividend payouts. The reform changed the two-tier system of West German corporate taxation under which retained profits were taxed at a higher level than distributed profits.

Instead, all corporate profits are now taxed at a flat rate of 56 per cent, but—unlike the previous system—shareholders are now allowed to offset corporation tax paid on their dividends against their personal Federal taxes. While the foreign shareholder, who pays no federal taxes, has suffered, German shareholders have received a heafty increase in real earnings.

Most companies have, of course, cut their cash dividends—particularly as 1977 was a pretty mediocre year for the majority of industrial enterprises. Despite this the tax offset coupon issued with the dividend cheque has provided holders with a useful bonus.

For instance, Deutsche Bank, the country's largest commercial bank, announced in April that it was cutting its dividend for 1977 from the previous year's DM10 per DM50 nominal share to DM9.50 a share. However, for German shareholders there was the tax offset coupon, which pushed their income up to DM14.06 per share.

The market has also had a substantial boost in that the domestic insurance concerns have been taking an even greater interest in equities. There has been a substantial increase in insurance company equity funds, and this has, as one important trader put it, created a lot of buying power.

Furthermore, foreign shareholders do not appear to have been entirely deterred by the discriminatory effects of corporation tax reform. Although there appears to have been less activity from European institutions in the West German stock markets, this has been more than offset by increased interest from the Far East and Middle East. U.S. investors are still playing only a minor role in the market. Bankers here point out that despite corporation tax reform, German equities in a bullish market provide the foreigner with a far more profitable means of holding Deutsche-Marks than bonds or term deposits at low interest rates.

Many people here believe that the trend will continue upwards. The recovery, which was broadly based at the start, has gradually become more selective, and this trend is expected to continue.

A leading Frankfurt banker, however, pointed out that, for instance, the heavily capitalised chemical concerns—such as BASF, Bayer and Hoechst—have not benefited greatly from the upwards movement yet because of their large capital bases they have tended to exert a heavy influence on the indices.

He said: "Until now the indices have been largely moved by much smaller companies than the chemicals giants. However, in view of the much more optimistic interim statements coming from the chemicals sector, equities in this branch can be expected to show a stronger recovery than originally anticipated. This cannot but have a disproportionate effect on the indices."

# Graphic papers side lifts KNP

BY CHARLES BATCHELOR

AMSTERDAM, August 22.

KNP, the Dutch paper group, sharply increased its net profit in the first half of 1978 due to better use of capacity in its graphic paper division. The market for packaging products remained very poor, however, and the company made a loss on these activities.

The improvement in graphic papers is expected to continue in the second half but the result of packaging will depend on the speed with which the board industry is restructured and developments at KNP's Okto subsidiary.

Net profit more than doubled to Fl 3.7m ($1.7m) in the first half from Fl 1.4m in the same period of 1977. Operating profit was 57 per cent higher at Fl 35.1m. Sales rose 19 per cent to Fl 408m ($190m). Profit per Fl 25 nominal share rose to Fl 1.62 from Fl 0.60. The 1977 figures exclude the result of the board and paper producer Kappa, which KNP acquired last year.

Average raw materials prices for the graphic papers division were lower than the year before and higher production levels contributed to the improvement in profits. Poor markets for flexible and solid board and for paper for corrugated board depressed the result in the packaging sector.

KNP hopes for an early start to the restructuring of the Dutch board industry. It is discussing a solution for the serious losses of its 51 per cent stake in Okto with its joint shareholder The Development Company For The Northern Netherlands.

## Record at Moevenpick

BY JOHN WICKS

ZURICH, August 22.

RECORD results are announced for the past financial year by the Swiss-based catering concern Moevenpick. Group turnover rose in the calendar year 1977 by 12.9 per cent to SwFr 281.2m ($168m) and group operating profits by 19.6 per cent to SwFr 24.36m ($14.6m) the parent company Moevenpick Holding, of Adliswil, is to increase its dividend for the fourth year in succession—this time from 12 to 14 per cent—for the year ended March 31, 1978, after a rise in its net profit to SwFr 2.07m.

Turnover of the group, most of which comes from operations in Switzerland and Germany, has shown a further improvement in the first four months of this calendar year, reaching SwFr 109.4m. Cash flow for the period ran at SwFr 8.1m.

Mr. Ueli Prager, company chairman and majority shareholder, said he was confident for the coming years and for the 1980s. In the coming months, the organisation of the group is to be expanded with a redistribution of management duties, and a team is to be built up to handle international projects.

## Swiss banks raise rates

By Our Own Correspondent

ZURICH, August 22.

SWITZERLAND'S big banks have changed their deposit rates for the fourth time in the past month. Interest rates have been cut by 0.25 per cent to 0.5 per cent on three to five-month deposits, 0.75 per cent on six to 11-month deposits and 1 per cent for one-year money. This cut marks an adjustment to Euromarket rates.

## SELECTED EURODOLLAR BOND PRICES
## MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan Australia 8¾pc 1989 | 97½ | 98 |
| AMEV 8pc 1987 | 94½ | 95½ |
| Australia 8½pc 1992 | 93¼ | 94¼ |
| Australian M. & S. 9½pc '92 | 98½ | 99¼ |
| Barclays Bank 8¾pc 1992 | 95½ | 96½ |
| Bowater 9½pc 1992 | 98½ | 99 |
| Can. N. Railway 8¾pc 1986 | 95 | 95½ |
| Credit National 8¾pc 1986 | 97 | 97½ |
| Denmark 8¾pc 1984 | 98 | 98½ |
| ECS 9pc 1993 | 99¼ | 100 |
| ECS 8¾pc 1997 | 95½ | 96½ |
| EIB 8¾pc 1992 | 96½ | 97 |
| EMI 9½pc 1989 | 98½ | 99½ |
| Ericsson 8¾pc 1989 | 97½ | 98 |
| Esso 8pc 1986 Nov. | 99 | 99½ |
| Gt. Lakes Paper 8¾pc 1984 | 98½ | 99 |
| Hamersley 9½pc 1992 | 100½ | 101½ |
| Hydro Quebec 9pc 1992 | 97½ | 98 |
| ICI 8¾pc 1987 | 95½ | 96½ |
| ISE Canada 9¼pc 1986 | 103½ | 104 |
| Macmillan Bloedel 9pc 1992 | 97½ | 98 |
| Massey Ferguson 9¼pc '91 | 98 | 98½ |
| Michelin 9¼pc 1988 | 99½ | 100½ |
| Midland Int. Fin. 8¾pc '92 | 97½ | 98 |
| National Coal Bd. 8pc 1987 | 93½ | 94½ |
| Natl. Westminster 9pc 1986 | 100½ | 101½ |
| Natl. Wstmnstr. 9pc '86 'B' | 101½ | 102 |
| Newfoundland 9pc 1989 | 100 | 100½ |
| Nordic Inv. Bank 8¾pc 1988 | 97½ | 98½ |
| Norges Kom. Bk. 8¾pc 1992 | 95½ | 96 |
| Norpipe 8¾pc 1989 | 96½ | 97½ |
| Norsk Hydro 8¾pc 1992 | 96 | 96½ |
| Oslo 9pc 1988 | 99½ | 100½ |
| Ports Autonomes 9pc 1991 | 98½ | 99 |
| Prov. Quebec 9pc 1993 | 96 | 96½ |
| Prov. Saskatchwn. 8¾pc '86 | 97½ | 98 |
| Reed International 9pc 1987 | 93½ | 94½ |
| RHM 9pc 1992 | 94½ | 95½ |
| Selection Trust 8¾pc 1989 | 91½ | 92½ |
| Shell Intl. Fin. 8¾pc 1990 | 95 | 95½ |
| Skand. Enskilda 9pc 1991 | 98½ | 99½ |
| SKF 8pc 1987 | 91½ | 92½ |
| Sweden (K'dom) 8¾pc 1987 | 95 | 95½ |
| United Biscuits 9pc 1989 | 97½ | 98½ |
| Volvo 8pc 1987 March | 93½ | 94½ |

| NOTES | Bid | Offer |
|---|---|---|
| Australia 7¾pc 1984 | 93½ | 94 |
| Bell Canada 7¾pc 1987 | 95½ | 96½ |
| Br. Columbia Hyd. 7¾pc '85 | 93½ | 94 |
| Can. Pac. 8¼pc 1984 | 97½ | 98½ |
| Dow Chemical 8pc 1986 | 96½ | 97 |
| ECS 7¾pc 1982 | 94 | 94½ |
| ECS 8¾pc 1989 | 94½ | 95 |
| EEC 7¾pc 1982 | 96½ | 98 |
| EEC 7¾pc 1984 | 94½ | 95½ |
| Enso Gutzeit 8¾pc 1984 | 95½ | 96½ |
| Gotaverken 7¾pc 1982 | 95½ | 96 |
| Kockums 8pc 1983 | 96½ | 97½ |
| Michelin 8¾pc 1983 | 97½ | 98 |
| Montreal Urban 8¾pc 1981 | 99½ | 100 |
| New Brunswick 8pc 1984 | 96½ | 97 |
| New Bruns. Prov. 8¾pc '83 | 99 | 99½ |
| New Zealand 8¾pc 1986 | 95½ | 96 |
| Nordic Inv. Bk. 7¾pc 1984 | 94 | 94½ |
| Norsk Hydro 7¾pc 1982 | 95½ | 96½ |
| Norway 7¾pc 1982 | 94 | 94½ |
| Ontario Hydro 8pc 1987 | 93½ | 94½ |
| Singer 8¾pc 1982 | 99 | 99½ |
| S. of Scot. Elec. 8¾pc 1981 | 95 | 96½ |
| Sweden (K'dom) 7¾pc 1982 | 94½ | 95½ |
| Swedish State Co. 7¾pc '82 | 95½ | 96 |
| Telmex 9¼pc 1984 | 99 | 99½ |
| Tenneco 7¾pc 1987 May | 91½ | 92½ |
| Volkswagen 7¾pc 1987 | 94½ | 95½ |

| STERLING BONDS | Bid | Offer |
|---|---|---|
| Allied Breweries 10½pc '90 | 89½ | 90½ |
| Citicorp 10pc 1993 | 91½ | 92½ |
| Courtaulds 9½pc 1989 | 89½ | 90½ |
| ECS 9½pc 1989 | 92½ | 93½ |
| EIB 9½pc 1988 | 97½ | 98½ |
| EIB 9½pc 1992 | 93 | 94 |
| Finance for Ind. 9½pc 1987 | 92 | 93 |
| Finance for Ind. 10pc 1989 | 94½ | 95½ |
| Fisons 10½pc 1987 | 98½ | 99½ |
| Gestetner 11pc 1988 | 92½ | 93½ |
| INA 10pc 1988 | 92 | 93 |
| Rowntree 10½pc 1988 | 92 | 93 |
| Sears 10½pc 1988 | 92 | 93 |
| Total Oil 9½pc 1984 | 89½ | 90½ |

| DM BONDS | Bid | Offer |
|---|---|---|
| Asian Dev. Bank 5½pc 1988 | 93½ | 94½ |
| BNDE 6½pc 1986 | 96½ | 97½ |
| Canada 4¾pc 1983 | 97½ | 98½ |
| Den Norske Ind. Bk. 6pc '90 | 98½ | 99½ |
| Deutsche Bank 4¾pc 1983 | 97½ | 98½ |
| ECS 5½pc 1990 | 92 | 93 |
| EIB 5½pc 1990 | 92 | 93 |
| Elf Aquitaine 5¾pc 1988 | 93 | 94 |
| Euratom 5¾pc 1987 | 96½ | 97½ |
| Finland 5½pc 1986 | 94½ | 95½ |
| Forsmarks 5½pc 1990 | 94½ | 95½ |
| Mexico 6pc 1985 | 93½ | 94½ |
| Norcem 5¾pc 1989 | 98 | 99 |
| Norway 4½pc 1983 | 93½ | 99¼ |
| Norway 4½pc 1983 | 95½ | 96½ |
| PK Banken 5½pc 1988 | 94½ | 95½ |
| Prov. Quebec 6pc 1990 | 96½ | 97½ |
| Rautaruukki 5¾pc 1988 | 93 | 94 |
| Spain 6pc 1988 | 94½ | 95½ |
| Trondheim 5¾pc 1988 | 94½ | 95½ |
| TVO Power Co. 6pc 1988 | 96 | 97 |
| Venezuela 6pc 1988 | 94½ | 95½ |
| World Bank 5½pc 1990 | 96 | 97 |

| FLOATING RATE NOTES | Bid | Offer |
|---|---|---|
| Bank of Tokyo 1984 8¾pc | 99 | 99½ |
| BFCE 1984 8¾pc | 99 | 99½ |
| BNP 1983 8 11/16pc | 99½ | 100½ |
| BQE Worms 1985 9pc | 98 | 98½ |
| CCF 1985 8¾pc | 98½ | 99½ |
| Chase Manhtn '93 9 5/16pc | 98 | 98½ |
| Creditanstalt 1984 8¾pc | 98½ | 99½ |

| | Bid | Offer |
|---|---|---|
| DG Bank 1982 9pc | 99½ | 100½ |
| GZB 1981 8 11/16pc | 99½ | 100½ |
| Intl. Westminster 1984 8pc | 98½ | 99½ |
| Lloyds 1983 8 15/16pc | 99½ | 100½ |
| LTCB 1983 8pc | 98½ | 99½ |
| Midland Int. FS '87 8 9/16pc | 98½ | 98½ |
| Midland Int. FS '93 9 7/16pc | 98½ | 99½ |
| Nat. Westminstr. '90 9 5/16pc | 98½ | 99½ |
| OKB 1983 9¼pc | 99½ | 100½ |
| SNCF 1985 9 5/16pc | 99 | 99½ |
| Stand. and Chtrd. '84 8¾pc | 98½ | 99½ |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc '87 | 82 | 83½ |
| Babcock & Wilcox 7pc '92 | 118½ | 119½ |
| Beatrice Foods 4½pc 1992 | 99 | 100½ |
| Beatrice Foods 4¾pc 1992 | 115½ | 116 |
| Beecham 6½pc 1992 | 112½ | 113½ |
| Borden 5pc 1992 | 97½ | 99 |
| Broadway Hale 4¾pc 1987 | 75 | 76½ |
| Carnation 4pc 1987 | 77 | 78½ |
| Chevron 5pc 1988 | 135 | 136½ |
| Dart 4¾pc 1987 | 92½ | 94 |
| Eastman Kodak 4½pc 1988 | 86½ | 88 |
| Economic Labs. 4¾pc 1987 | 76 | 77½ |
| Firestone 5pc 1988 | 78½ | 80 |
| Ford 5pc 1988 | 83 | 84½ |
| General Electric 4¼pc 1987 | 84½ | 86 |
| Gillette 4¾pc 1987 | 77 | 78½ |
| Gould 5pc 1987 | 127 | 128½ |
| Gulf and Western 5pc 1988 | 89 | 90½ |
| Harris 5pc 1992 | 117 | 119 |
| Honeywell 6pc 1986 | 86½ | 88 |
| ICI 6¾pc 1992 | 95½ | 96½ |
| INA 6pc 1997 | 98½ | 100 |
| Inchcape 6¾pc 1992 | 110 | 111½ |
| ITT 4½pc 1987 | 78½ | 80 |
| Jusco 6pc 1992 | 133½ | 134½ |
| Komatsu 7½pc 1990 | 139 | 140 |
| J. Ray McDermott 4¾pc '87 | 145½ | 147½ |
| Matsushita 6½pc 1990 | 191 | 192½ |
| Mitsui 7¼pc 1990 | 132½ | 133½ |
| J. P. Morgan 4¾pc 1987 | 100 | 101½ |
| Nabisco 5½pc 1988 | 103 | 104½ |
| Owens Illinois 4½pc 1987 | 124½ | 126 |
| J. C. Penney 4¾pc 1987 | 75½ | 77 |
| Revlon 4¾pc 1987 | 140 | 141½ |
| Reynolds Metals 5pc 1988 | 86½ | 88 |
| Sandvik 6½pc 1988 | 112 | 114 |
| Sperry Rand 4¼pc 1987 | 98 | 99½ |
| Squibb 4¾pc 1987 | 82½ | 84 |
| Texaco 4¾pc 1988 | 78½ | 80 |
| Texas Int. Airlines 7¾pc '93 | 99½ | 100 |
| Toshiba 6½pc 1992 | 134½ | 135½ |
| Ty Co. 5pc 1984 | 75½ | 77 |
| Ty Co. 8¾pc 1988 | 103½ | 104½ |
| Union Carbide 4¾pc 1982 | 90 | 91½ |
| Warner Lambert 4½pc 1987 | 80 | 81½ |
| Warner Lambert 4¾pc 1988 | 77½ | 79 |
| Xerox 5pc 1988 | 76 | 77½ |

Source: Kidder, Peabody Securities.

# INTL. FINANCIAL AND COMPANY NEWS

MEDIUM-TERM CREDITS

## Spain decides on early repayment

BY ROBERT GRAHAM MADRID, August 22.

SPAIN has decided to accelerate repayment of some of its outstanding foreign debt, taking advantage of the unprecedentedly high accumulation of foreign reserves and the weakness of the dollar. As a first step, early repayment has begun on the $1bn (with a spread of 1⅜ per cent for five years) Kingdom of Spain loan signed in August 1976 with a consortium of international banks. According to a senior Bank of Spain official, a first tranche of $250m was repaid on August 17. This is expected to be followed by further monthly tranches, so that by the end of the year the debt will have been liquidated.

The Bank of Spain has been hinting for some months now that the favourable accumulation of reserves should permit accelerated repayment of debt, thus reducing the debt service ratio. At the beginning of the year, some international bankers were showing unease at the manner in which Spain was continuing to contract foreign debt. At the time, it was expected that for 1978 as a whole, Spain would borrow some $3.1bn on the international market, approximately $1bn more than in 1977. On this basis, it was expected that gross foreign debt would, by 1979, be 15.3bn, while 13.5 per cent of contracted debt was expected to be repaid in 1978, 18.5 per cent in 1979 and some 20 per cent the following year.

However, the external picture has altered substantially since the first quarter. Imports have held steady, exports have continued to rise and there have been record tourist receipts. As a result, reserves now stand at almost $9bn compared with just over $6bn in January. At the same time, the peseta has recouped over half of the loss against the dollar, the main traded currency, arising from the July 1977 devaluation.

Thus this continued accumulation of reserves has made increasingly less sense when viewed against the size of Spain's foreign debt, and for that matter against its projected foreign borrowing requirements. The authorities are also expected to take advantage of the situation to restructure some of the short term debt.

Francis Ghiles adds: This move by the Spanish authorities has been widely anticipated by international banks. Spain joins the ever growing list of borrowers who have repaid part of their debt early.

In most cases these borrowers have sought to raise new loans on finer terms, and this they have usually succeeded in doing.

The Kingdom of Spain is understood to be negotiating for a sizeable loan at present. Although there is no confirmation so far of the terms the Kingdom might get, an element of ⅝ per cent in the spread on this new loan is expected. The last loan for a prime Spanish name, and one which did not boast a state guarantee (an $80m eight year loan for Telefónica) carried a spread of ⅞ per cent throughout. The Kingdom can reasonably expect to get finer terms.

Another borrower, the Foreign Trade Bank of the USSR, has just notified the agent bank of the $400m five year loan it signed in October 1975 with Citicorp, that it intended to repay $100m. Bankers expect this borrower to prepay more in the weeks to come. This follows a similar move by the International Investment Bank earlier this month.

### Continental Can factory in Hong Kong

By Ron Richardson

HONG KONG, August 22.

CONTINENTAL CAN Hongkong, a wholly owned subsidiary of Continental Can of the U.S., is to build a HK$30m (US$6.4m) factory on the new Taipo industrial estate. The company has signed a HK$4.5m lease for a 105,000 square foot factory site on which it will construct a plant to manufacture beverage cans for both domestic and export markets.

Work will begin almost immediately, while machinery is already under construction in the U.S. The factory is due to begin production in the third quarter of 1979.

The Hong Kong factory will be the first wholly owned Asian operation of Continental Can, which established its Asia Pacific headquarters in the colony just over a year ago.

### Bonds Coats Patons interim dividend lift

Bonds Coats Patons, the major textile group, has raised its interim dividend from 4½ to 5½ cents per share after a 40 per cent increase in profit for the June half year, from A$3.9m to A$5.4m, writes James Forth from Sydney. The increase was achieved on a lift in sales of only 16.3 per cent, from A$51.7m to A$60.1m.

### C & C hotels move

Cycle and Carriage, a leading motor trader in Singapore and Malaysia, is to acquire a stake in a new hotel development project in Singapore, writes H. F. Lee.

Cycle said that it will subscribe up to a maximum of 7m shares of S$1 each at par in Pontiac Hotel Private which is developing a new 450-room hotel.

### Israel Paper ahead

Israel Paper Mills, Israel's main paper producer, reports net earnings for April-June 1978 of I£13.7m or more than double the I£5.5m recorded in the parallel months of 1977. The company increased its sales by almost 50 per cent to I£260m.

## HK bank has good first half

BY ANTHONY ROWLEY HONG KONG, August 22.

HONGKONG AND SHANGHAI Banking Corporation produced unaudited consolidated net profits of HK$315.9m (US$67.6m) for the first half of this year, prompting some analysts to forecast a gain of around one fifth for 1978 as a whole.

Since the Colony's banks have only begun publishing interim figures this year, a move pressed on them by the Hong Kong Stock Exchange, no strict comparison with last year's halfway figures is possible.

On a pro rata basis, however, the Hongkong's Bank's first half results are 21 per cent ahead of last year—when total net consolidated profits were HK$522m—and so roughly in line with analysts' expectations.

Last week, the Hongkong Bank's subsidiary, Hang Seng Bank, reported a 27.5 per cent rise in interim profits on a similar pro-rata basis.

Some analysts here are now looking for a 23 per cent rise in Hongkong and Shanghai Banking's profits for this year as a whole, to around HK$637m, based on faster growth at Hang Seng Bank and on income from investments other than in parent banking activities.

Meanwhile, the bank is lifting its interim dividend to 20 cents a share against 18 cents last year. The interim is payable on capital as increased by the recent one-for-ten scrip issue.

The bank said that overall business during the first half increased satisfactorily compared with 1977 and it expects a continued upward trend in group profit. It foresees a final dividend of at least 50 cents against 47 cents, making a total payout of 70 cents against 65 cents.

## Rennies improves at midway

BY RICHARD ROLFE JOHANNESBURG, August 22.

SHARES in Rennies Consolidated opened 10 cents lower at 103 cents this morning in Johannesburg on news that the former chairman had been rushed to hospital and ahead of the release of the interim figures for the six months to June 30. These show some improvement both in profits and in liquidity of the group, which is 53 per cent owned by Jardine Matheson, and although the interim dividend has been held at 4 cents, a rise in the final is forecast to make 11 cents for the year against last year's 10 cents.

Turnover was up from R71m to R77m ($88.5m) and pre-tax profits from R3.9m to R4m ($4.6m). After a lower tax charge, reflecting greater earnings from the South African hotels, rather than those in the neighbouring states, net profit was ahead from R1.9m to R2.3m. Various adjustments, including non-trading losses and minority shareholders' interests, left the net attributable figure up from R0.9m to R1.5m.

On this basis earnings per share were up from 3.8 cents to 6.8 cents, but adding back the non-trading losses, the improvement was from 6 cents to 8.2 cents. The board forecasts R11m of pre-tax profits for the full year and R5m at the net attributable level after non-trading and extraordinary items. The prospective yield of 10.7 per cent compares with the market average of 8 per cent.

Rennies' interests, apart from the traditional shipping and transport side, spread through hotels (with the group operating the Holiday Inns franchise), security services, liquor and some manufacturing and wholesaling, the latter through Makro. The board says the outlook for the remainder of the year is "more promising than it has been for some time," leading to the forecast of substantial further improvement in the second half year reflecting the "heavily seasonal aspects" of the hotel and liquor divisions.

## Favourable result from Nissho-Iwai

BY ROBERT WOOD TOKYO, August 22.

NISSHO-IWAI, Japan's sixth largest trading company, today reported consolidated sales of Y4.5 trillion (million million), or $24bn, and profits, after taxes and special items, of Y2.6bn ($13m) for the year ended March 31. It was the first time Nissho-Iwai had reported results on a consolidated basis.

The company adopted a Japanese accounting system, which allows for considerably more discretion than most western ones. Four other top Japanese trading companies reported consolidated results earlier this month on a U.S. Securities and Exchange Commission accounting basis.

The third and fourth-ranked trading companies — Marubeni and C. Itoh—had reported large losses. Nissho-Iwai said, however, that its relatively favourable results did not come from its choice of a Japanese-style accounting system, but were due to its lack of seriously unprofitable subsidiaries. C. Itoh was hurt by the losses of its oil subsidiary, while Marubeni suffered from the losses of its shipping and pulp subsidiaries.

Nissho-Iwai reported 13 of its subsidiaries on a fully consolidated basis and 22 on the "equity method," that most favoured by Japanese securities analysts.

## Sharp revival in Danish bank profits

BY HILARY BARNES COPENHAGEN, August 22.

FIRST HALF results for Danish banks indicate a sharp revival of profit. Privatbanken's earnings before depreciation, tax and adjustments for security values, increased from DKr 116m to DKr 170m.

Net income from interest and commission increased from DKr 282m to DKr 326m; largely because falling interest rates enabled the bank to reduce interest on deposits from DKr 462m to DKr 452m although deposits increased 3.1 per cent to DKr10.1bn. Advances were up 8.7 per cent to DKr 7.5bn.

For 1978 as a whole, a clear improvement in the result is expected.

The SDS Savings Bank announced an increase in operating profits from DKr. 117m to DKr 157m. Operating profits for the year are expected to increase about 35 per cent to DKr 300m. The bank's total assets were up by 20 per cent to DKr 19.7bn. Advances rose by 9 per cent to DKr 10.2bn and deposits by 9 per cent to DKr 14bn.

Copenhagen Handelsbank increased operating profits in the first half year by DKr 35m to DKr 180m. The improvement was due to higher earnings on ordinary deposit and lending operations, which rose from DKr 152m to DKr 299m and reflect falling interest rates. The bank said it expected a slightly weaker earnings trend in the second half.

It also pointed out that the improved operating earnings did not make up for the decline in earnings since 1974. This year's first half earnings were only at the same level as earnings in the first half of 1975, but since then bank business had expanded by 30 per cent.

The result remained unsatisfactory and restrictions placed on bank earnings potential over the past decade by the authorities did not give banks a basis for sufficient consolidation, said the bank.

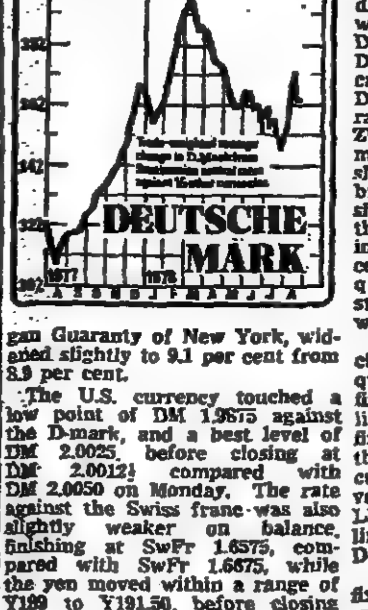


# CURRENCY, MONEY and GOLD MARKETS

## Nervous trading in the dollar

Currency rates moved quite sharply in the foreign exchange market yesterday, but the overall volume of trading was small. Sentiment surrounding the dollar was very nervous, with the market reluctant to adopt a firm view about the U.S. currency. If there are no further moves to support the dollar from the U.S. administration before the week-end, then the dollar will probably lose ground once again, but dealers obviously fear taking up new positions in case there should be another announcement from Washington.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened slightly to 9.1 per cent from 8.9 per cent.




The U.S. currency touched a low point of DM 1.9875 against the D-mark, and a best level of DM 2.0025, before closing at DM 2.0012½ compared with DM 2.0050 on Monday. The rate against the Swiss franc was also slightly weaker on balance, finishing at SwFr 1.6575, compared with SwFr 1.6675, while the yen moved within a range of Y189 to Y191.50, before closing at Y190.87½, compared with Y192.90 previously.

Sterling lost ground in early trading, after touching a high point of $1.9375 in the start. As the dollar lost ground, so the pound fell even more sharply, as a result of commercial business, and the Bank of England may have intervened.

It fell to a low point of $1.9265, but staged a good recovery in the afternoon, to finish at $1.9290-1.9300, a rise of 10 points on the day.

Sterling's trade-weighted index, on Bank of England figures, fell to 62.2 from 62.3, after standing at 62.3 at the start and 62.2 at noon.

PARIS—The dollar improved in late trading, in a hesitant and quiet market. The U.S. currency ended at FFr 4.3825 against the French franc, compared with FFr 4.3655 at the fixing, but down from FFr 4.3925 on Monday. Against most other major currencies the French franc lost ground, falling to FFr 2.1950 against the D-mark from FFr 2.1850 previously, while the rate against the Swiss franc declined to FFr 2.6455 from FFr 2.6275. The franc also lost ground against the yen, finishing at FFr 2.3045 per 100 yen, compared with FFr 2.2870 on Monday. Sterling improved to FFr 8.4595 from FFr 8.4470 at the fixing, but slightly down from FFr 8.4625 previously.

FRANKFURT—The Bundesbank did not intervene as the dollar was fixed at DM 1.9945 against the D-mark yesterday, compared with DM 2.0180 previously. The U.S. currency opened at around the DM 2.0 level, and trading was rather quiet.

ZURICH—The dollar was generally mixed during the morning, rising slightly against the Swiss franc, but easing against the yen and showing little change in terms of the D-mark. There was no early indication of intervention by central banks, and trading was quiet. At mid-morning the dollar stood at SwFr 1.6478, compared with SwFr 1.6455 earlier.

MILAN—The dollar was little changed in late trading, and was quoted at L839, compared with a fixing level of L838.80 against the lira. This compared with Monday's fixing level of L841.30, reflecting the overall weakness of the U.S. currency. The Swiss franc was very firm however, rising to L508.85 from L499.77, while the lira also lost ground against the D-mark and Japanese yen.

AMSTERDAM—The dollar was fixed at Fl 2.1590 against the guilder, compared with Fl 2.1800 on Monday, and remained at Fl 2.1590 in late trading.

TOKYO—The dollar closed at Y191.70 against the yen, compared with an opening rate of Y190.00, and Y190.15 at the close on Monday. The U.S. currency fluctuated nervously between Y191.20 and Y192.20 in active late trading, after an initial rise to the day's high of Y192.40. The early rise was prompted by Monday's announcement of a sharp reduction in Japan's trade surplus in the first 10 days of August, compared with the same period last month.

### THE POUND SPOT / FORWARD AGAINST £

| Aug. 22 | Bank rate % | Day's Spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|---|
| U.S. $ | 7¾ | 1.9285-1.9375 | 1.9290-1.9300 | 0.50-0.40c pm | 2.80 | 1.22-1.12c pm | 2.43 |
| Canadian $ | 9 | 2.1985-2.2080 | 2.1985-2.2005 | 0.45-0.35c pm | 2.18 | 1.20-1.10c pm | 2.09 |
| Guilder | 4½ | 4.16-4.20 | 4.18½-4.17½ | 2¾-1¾c pm | 6.46 | 6¼-5¼c pm | 5.52 |
| Belgian F. | 6 | 60.25-60.85 | 60.50-60.60 | 5c pm-c dis | par | 35-25c pm | 1.72 |
| Danish K | 8 | 10.62-10.74 | 10.66-10.68 | 2¼-4¼ ore dis | -3.94 | 7-9 ore dis | -3.00 |
| D-Mark | 3 | 3.84-3.88 | 3.85½-3.86½ | 3-2 pf pm | 7.77 | 8-7 pf pm | 7.77 |
| Port. Esc. | 18 | 87.00-88.00 | [illegible] | 90-190c dis | -19.12 | 200-500c dis | -15.94 |
| Span. Pes. | 8 | 142.75-144.50 | 145.05-145.25 | 50-150c dis | -9.38 | 100-200c dis | -4.18 |
| Lira | 11½ | 1,614-1,625 | 1,617½-1,619 | 5-7 lire dis | -4.4 | 15-18 lire dis | -4.08 |
| Nrwgn. K. | 7 | 10.13-10.19 | 10.13-10.14 | 2½-1½ ore pm | 1.48 | 3½-1½ ore pm | 0.88 |
| French Fr. | 9½ | 8.43-8.48 | 8.45½-8.46½ | 2½-1½c pm | 2.84 | 4½-3½c pm | 1.89 |
| Swedish Kr. | 6½ | 8.53-8.58 | 8.55-8.56 | 3-1 ore pm | 2.81 | 6½-4½ ore pm | 2.57 |
| Yen | 3½ | 365-375 | 367½-368½ | 3.45-3.05y pm | 10.59 | 8.75-8.35y pm | 9.29 |
| Austria Sch | 4½ | 27.50-28.25 | 27.67-27.77 | 20-10 gro pm | 6.49 | 37-27 gro pm | 4.62 |
| Swiss Fr. | 1 | 3.17-3.21 | 3.19½-3.20½ | 3½-2½c pm | 10.78 | 9½-7½c pm | 10.51 |

Belgian rate is for convertible francs. Financial franc 62.30-62.40.

Six-month forward dollar 2.40-2.35c pm, 12-month 4.50-4.40c pm.

### THE DOLLAR-SPOT / FORWARD AGAINST $

| August 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| Canad'n $* | 0.8765-0.8775 | 0.8772-0.8775 | 0.06-0.04c dis | -0.64 | 0.07-0.09c dis | -0.25 |
| Guilder | 2.1525-2.1585 | 2.1525-2.1535 | 0.73-0.68c pm | 3.92 | 1.78-1.73c pm | 3.21 |
| Belgian Fr | 31.22-31.39 | 31.22-31.24 | 0.03-0.06c dis | -3.27 | 0.02-0.06c dis | -0.70 |
| Danish Kr | 5.5100-5.5460 | 5.5100-5.5160 | — | | — | |
| D-Mark | 1.9915-1.9990 | 1.9915-1.9925 | 0.92-0.87pf pf | 4.98 | 2.73-2.68pf pm | 5.26 |
| Port. Es | | 45.22-45.42 | — | | — | |
| Lira | 837.00-838.50 | 838.20-838.50 | 4.60-5.00lire dis | -5.78 | 13-13.75lire dis | -5.90 |
| Nrwgn. Kr | 5.2515-5.2715 | 5.2515-5.2535 | — | | — | |
| French Fr | 4.3685-4.3950 | 4.3685-4.3725 | 0.05c pm-0.05c dis | — | 0.32-0.42c dis | -0.47 |
| Swedish Kr | 4.4210-4.4390 | 4.4210-4.4230 | — | | — | |
| Yen | 189.75-192.10 | 189.75-190.00 | 1.30-1.25y pm | 7.22 | 3.35-3.20y pm | 6.71 |
| Austria Sch | | 14.0825-14.0100 | — | | — | |
| Swiss Fr | 1.6445-1.6520 | 1.6445-1.6455 | 1.19-1.15c pm | 8.71 | 3.37-3.33c pm | 8.04 |

* U.S. cents per Canadian $.

### CURRENCY RATES

| August 21 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.656642 | 0.662962 |
| U.S. dollar | 1.26502 | 1.27677 |
| Canadian dollar | 1.44010 | 1.45141 |
| Austrian schilling | 18.3612 | 18.5247 |
| Belgian franc | 40.0031 | 40.3746 |
| Danish krone | 7.03994 | 7.11153 |
| Deutsche Mark | 2.55281 | 2.57218 |
| Guilder | 2.75774 | 2.78434 |
| French franc | 5.58759 | 5.63591 |
| Lira | 1064.29 | 1074.06 |
| Yen | 239.848 | 246.216 |
| Norwegian krone | 6.71726 | 6.77035 |
| Peseta | 94.3566 | 95.1781 |
| Swedish krona | 5.62871 | 5.68736 |
| Swiss franc | 2.12776 | 2.10687 |

### CURRENCY MOVEMENTS

| August 22 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 62.17 | -41.1 |
| U.S. dollar | 84.48 | -9.1 |
| Canadian dollar | 82.73 | -14.6 |
| Austrian schilling | 140.48 | +18.3 |
| Belgian franc | 111.31 | +12.6 |
| Danish krone | 113.44 | +4.5 |
| Deutsche Mark | 141.67 | +36.1 |
| Swiss franc | 199.71 | +82.1 |
| Guilder | 120.30 | +17.8 |
| French franc | 99.40 | -4.5 |
| Lira | 55.74 | -47.1 |
| Yen | 153.34 | +51.1 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### OTHER MARKETS

| Aug. 22 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 1,579-1,583 | 818.55-820.42 | Austria | 27.30-28.30 |
| Australia Dollar | 1.6780-1.6850 | 0.8697-0.8733 | Belgium | 61½-62½ |
| Finland Markka | 7.8950-7.9100 | 4.1015-4.1035 | Denmark | 10.60-10.75 |
| Brazil Cruzeiro | [illegible] | 18.36-18.88 | France | 8.35-8.45 |
| Greece Drachma | 70.367-72.095 | 36.469-37.364 | Germany | 3.80-3.90 |
| Hong Kong Dollar | 9.0575-9.0625 | 4.6890-4.6940 | Italy | 1580-1610 |
| Iran Rial | 133-139 | 68.929-72.039 | Japan | 362-372 |
| Kuwait Dinar (KD) | 0.524-0.534 | 0.2716-0.2768 | Netherlands | 4.15-4.25 |
| Luxembourg Frank | 60.50-60.60 | 31.355-31.407 | Norway | 10.15-10.25 |
| Malaysia Dollar | 4.4520-4.4695 | 2.3150-2.3190 | Portugal | 82-89 |
| New Zealand Dollar | 1.8360-1.8440 | 0.9515-0.9557 | Spain | 144½-148 |
| Saudi Arabia Riyal | 6.38-6.48 | 3.307-3.358 | Switzerland | 3.10-3.20 |
| Singapore Dollar | 4.3430-4.3565 | 2.2710-2.2730 | United States | 1.9800-1.9925 |
| South African Rand | 1.6697-1.6956 | 0.8654-0.8788 | Yugoslavia | 37.00-40.00 |

Rate given for Argentina is free rate.

### EXCHANGE CROSS-RATES

| Aug. 22 | Pound Sterling | U.S. Dollar | Deutschemark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.930 | 3.860 | 368.3 | 8.460 | 3.200 | 4.168 | 1616. | 2.200 | 60.55 |
| U.S. Dollar | 0.518 | 1. | 2.001 | 190.9 | 4.385 | 1.658 | 2.160 | 838.7 | 1.140 | 31.38 |
| Deutsche Mark | 0.259 | 0.500 | 1. | 95.40 | 2.192 | 0.829 | 1.080 | 419.2 | 0.570 | 15.69 |
| Japanese Yen 1,000 | 2.716 | 5.240 | 10.48 | 1000. | 22.97 | 8.690 | 11.32 | 4394. | 5.975 | 164.4 |
| French Franc 10 | 1.182 | 2.281 | 4.563 | 435.3 | 10. | 3.783 | 4.926 | 1915. | 2.600 | 71.57 |
| Swiss Franc | 0.313 | 0.603 | 1.206 | 115.1 | 2.644 | 1. | 1.302 | 505.7 | 0.687 | 18.92 |
| Dutch Guilder | 0.240 | 0.465 | 0.928 | 88.36 | 2.030 | 0.768 | 1. | 388.3 | 0.528 | 14.53 |
| Italian Lira 1,000 | 0.618 | 1.192 | 2.385 | 227.6 | 5.228 | 1.977 | 2.575 | 1000. | 1.359 | 37.42 |
| Canadian Dollar | 0.455 | 0.877 | 1.755 | 167.4 | 3.846 | 1.455 | 1.895 | 735.7 | 1. | 27.55 |
| Belgian Franc 100 | 1.652 | 3.187 | 6.375 | 608.2 | 13.97 | 5.285 | 6.885 | 2675. | 3.633 | 100. |

### EURO-CURRENCY INTEREST RATES*

| Aug. 22 | Sterling | Canadian Dollar | U.S. Dollar | Dutch Guilder | Swiss Franc | W. German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | N.A. | 4¼-4½ | 7⅞-8⅛ | 1¼-1¾ | ¼-½ | 3¼-3⅜ | 7-7¼ | 18-20 | — | 1⅛-3⅛ |
| 7 days' notice | N.A. | 4½-4¾ | 8-8¼ | 2½-3 | ¼-½ | 3⅛-3⅜ | 7⅜-7⅝ | 12½-13½ | 8⅛-8¼ | —⅛-1⅞ |
| Month | 10⅝-11 | [illegible] | 8¼-8½ | 4⅛-4⅜ | [illegible] | 3¼-3⅜ | 8-8¼ | 13-14 | 8¼-8⅜ | 1¼-1⅝ |
| Three months | 11-11⅜ | 8⅝-9⅛ | 8⅝-9 | 5⅛-5⅜ | [illegible] | [illegible] | 9⅛-9⅜ | 13½-14½ | [illegible] | 1⅞-2¼ |
| Six months | 11⅜-11¾ | 9-9⅜ | 8⅞-9⅛ | 5⅞-6⅛ | 1⅛-1⅜ | [illegible] | [illegible] | 14½-15½ | 9-9⅛ | [illegible] |
| One year | 11⅝-11⅞ | [illegible] | [illegible] | 6-6¼ | 1⅛-1⅜ | [illegible] | 10¼-10⅝ | 14½-15½ | 9⅛-9¼ | 2⅛-2⅜ |

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.25-8.35 per cent; three months 8.45-8.55 per cent; six months 8.80-8.90 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9⅜-9½ per cent; three years 9½-9⅝ per cent; four years 9⅝-9¾ per cent; five years 9⅝-9¾ per cent nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

## South Africa bank rate cut

South Africa's discount rate has been cut by ½ per cent to 8½ per cent as part of the Government's general policy of stimulating the economy. The move is expected to be followed by similar reductions in the commercial banks' prime lending rates from the present level of 12½ per cent.

At the same time the South African Reserve Bank has made adjustments to the liquid asset requirements, aimed at giving relief to the smaller banking institutions.

In a statement coupled with the announcement, the Governor of the Reserve Bank warned against being too hasty at this stage with excessive additional stimulation. On Monday it was reported that the economy was running at an annual real growth rate of 3½ per cent, the best performance since 1973-74.

NEW YORK—Federal funds nudged up towards 8¼ per cent in early trading from 8⅛ per cent, with the Federal Reserve injecting funds by two-day repurchase orders to steady the market. Treasury bills were quoted at 7.26 per cent, compared with 7.267 per cent at Monday's auction, for 13 weeks; and 7.47 per cent, compared with 7.471 per cent at the auction, for 26-week bills. One-year bills were at 8.83 per cent, compared with 7.84 per cent late Monday.

PARIS—Day-to-day and short period money rates eased yesterday with the day-to-day rate falling by a further ¼ per cent to 7 per cent. The one-month rate fell to 7¼-7⅜ per cent from 7⁵⁄₁₆-7⁷⁄₁₆ per cent, and three-month money fell to 7⅜-7½ per cent from 7½-7⅝ per cent. Six-month funds were slightly firmer, however, at 7⅞-8 per cent, compared with 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent, while 12-month was unchanged at 8½-8⅝ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change, with one-month quoted at 6¾-6⅞ per cent, compared with 6¾-7 per cent previously, while three-month was unchanged at 7⅛-7¼ per cent, six-month was unchanged at 7¼-7⅜ per cent, and 12-month was unchanged at 7½-7⅝ per cent.

AMSTERDAM—The official call money rate was cut to 1½ per cent from 3½ per cent yesterday, following a further increase in money market liquidity. The rate was cut to 3½ per cent from 4½ per cent on Monday.

One-month funds fell to 4¾-5 per cent from 5-5¼ per cent, while three-month money was unchanged at 5¾-6 per cent. Six-month eased to 6¼-6⅜ per cent from 6⅜-6½ per cent.

FRANKFURT—Call money rose to 3.45 per cent from 3.2 per cent, but period rates were unchanged.

HONG KONG — The money market was tight, with call money dealt at 4½ per cent and overnight at 3½ per cent.

GOLD

## Slightly firmer

Gold rose $1 to $206¾-207 in nervous trading. It opened at $206¾-207¼ and touched a high point of £207¾-208¼ and a low level of $205¾-206¼. The morning fixing was at $207.30 (£107.132) and the afternoon fixing was at $207.40 (£107.442).

In Paris the 12½ kilo gold bar was fixed at FFr 28,955 per kilo ($206.06 per ounce) yesterday afternoon, compared with FFr 28,945 ($205.30) in the morning and FFr 28,850 ($203.15) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,300 per kilo (DM 207.21 per ounce), compared with DM 13,230 ($204.41)

| | Aug. 22 | Aug. 21 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $206¾-207 | $205¾-206 |
| Opening | $206¾-207¼ | $205-205½ |
| Morning fixing | $207.30 (£107.132) | $205.15 (£106.065) |
| Afternoon fixing | $207.40 (£107.442) | $204.60 (£106.195) |
| Gold Coins domestically | | |
| Krugerrand | $215¼-215¾ (£110½-111½) | $211-213 (£109½-110½) |
| New Sovereigns | $58-60 (£30-31) | $57½-59½ (£29¾-30¾) |
| Old Sovereigns | $58¼-60¼ (£30¼-31¼) | $58¼-60¼ (£30¼-31¼) |
| Gold Coins internationally | | |
| Krugerrand | $211¼-213¼ (£109¼-110¼) | $210¾-212¾ (£108-110) |
| New Sovereigns | $58-60 (£30-31) | $57½-59½ (£29¾-30¾) |
| Old Sovereigns | $57½-59½ (£29¾-30¾) | $58¼-60¼ (£30¼-31¼) |
| $20 Eagles | $303-306 | $301¼-304 |
| $10 Eagles | $161-166 | $162-167 |
| $5 Eagles | $111-116 | $112-117 |

UK MONEY MARKET

## Small assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in slightly short supply in a very quiet market. The authorities gave a small amount of assistance by buying Treasury bills from the discount houses.

Banks brought forward surplus balances, but this was outweighed by a small excess of revenue payments to the Exchequer over Government disbursements, the call on a recent issue of gilt-edged stock, and a rise in the note circulation.

Discount houses paid around 8½-8¾ per cent for secured call loans at the start, and closing balances were taken at 7½-8 per cent.

In the interbank market overnight loans opened at 8½-8¾ per cent, and eased to 8-8½ per cent, before rising to 8¼-8¾ per cent, and closing at 6½-7 per cent.

Fixed period interest rates were generally firmer at the longer end of the market, with six-month interbank rising to 9½-9⅝ per cent from 9⅜-9½ per cent at the start, and compared with 9⁷⁄₁₆-9⁹⁄₁₆ per cent on Monday.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| Aug. 22 1978 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ф | Eligible Bank Bills ф | Fine Trade Bills ф |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 5½-8¾ | — | — | — | 6¾-8⅞ | 7½-8⅝ | — | — | — |
| 2 days notice | — | — | 8⅞-9 | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | 9¼ | — | — | — | — |
| 7 days notice | — | 8¾-9 | 9 | — | 9½ | — | 8⅜-8¾ | — | — | — |
| One month | 9¼-9⅛ | 9⅛-9¼ | 9⅛ | 9¾-10 | 9¾ | 9½ | 8⅞ | 8¾-8⅞ | 9⅛-9¼ | 9⅞ |
| Two months | 9⅜-9¼ | 9¼-9⅜ | — | 9¼-9½ | 9⅞ | — | 9 | 8⅞-8⅞ | 9⅛-9¼ | 9⅞ |
| Three months | 9⅜-9½ | 9⅜-9½ | 9¼ | 9¼-9½ | 10 | 9¾ | 9 | 8⅞-8⅞ | 9⅜-9½ | 9⅞ |
| Six months | 9⅝-9½ | 9½-9⅝ | 9⅜-9½ | 9¼-9½ | 10¼ | — | — | — | 9⅝ | 9⅞ |
| Nine months | 9¾-9⅝ | 9⅝-9⅞ | — | 9½-9¾ | 10⅜ | — | — | — | — | — |
| One year | 9⅞-9⅝ | 9⅞-10 | 9¾ | 9⅝-9¾ | 10⅜ | — | — | — | — | — |
| Two years | — | — | 10⅜ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11-11½ per cent; four years 11½ per cent; five years 11¾-12 per cent. ф Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9⁵⁄₃₂-9¹¹⁄₃₂ per cent; four-month trade bills 10¼ per cent.

Approximate selling rates for one-month Treasury bills 8¹¹⁄₁₆-8²⁷⁄₃₂ per cent; and two-month 8²⁵⁄₃₂-8¹³⁄₁₆ per cent; and three-month 8¹³⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9⅛-9¼ per cent; two-month 9³⁄₁₆ per cent; and three-month 9⁷⁄₃₂-9¼ per cent. One-month trade bills 9¾ per cent; two-month 9⅞ per cent; and also three-month 9⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9002 per cent.

### MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime Rate | 9 |
| Fed Funds | 8.1875 |
| Treasury Bills (13-week) | 7.26 |
| Treasury Bills (26-week) | 7.47 |
| **GERMANY** | |
| Discount Rate | 3 |
| Overnight | 3.45 |
| One month | 3.45 |
| Three months | 3.65 |
| Six months | 4 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight | 7 |
| One month | 7.3125 |
| Three months | 7.4375 |
| Six months | 7.9375 |
| **JAPAN** | |
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.375 |
| Bills Discount Rate | 4.75 |

## WORLD STOCK MARKETS

# Mixed picture on Wall St. at mid-session

**INVESTMENT DOLLAR PREMIUM**
**\$2.60 to £1—99½% (101½%)**
**Effective \$1.9295—48% (49½%)**

AFTER EASING AFRESH at the outset, Wall Street showed some recovery in fairly active early trading yesterday to present a mixed picture at mid-session.

The Dow Jones Industrial Average followed Monday's 8 points reaction with a further decline of 3.73 to 885.22 at the

**Closing prices and market reports were not available for this edition.**

10.30 am calculation, but subsequently picked up to 888.43 at 1 pm, reducing the morning's loss to a mere 0.52. The NYSE All Common Index managed a net gain of 1 cent at \$58.57, after having eased to \$58.39 at 11.00 am, but mid-session declines outnumbered advances by a seven-to-five ratio. Turnover came to 19.27m shares, little changed from Monday's 1 pm level of 19.09m.

Analysts said stocks are expected to continue in their current corrective phase but with selling pressure easing in a few days.

For the near-term, the negative impact of higher interest rates is being offset by some optimism that the dollar may be finding a nadir.

**Firestone Tire and Rubber** shed ¼ to \$12¾—the company reported lower third-quarter profits and said the potential recall of its steel-belted radial tyres could have a substantial adverse effect on future earnings.

**Church's Fried Chicken** lost 1¾ to \$56—shareholders have approved the announced two-for-one stock split.

**Mead** were off ½ to \$31⅞—on Monday, **Mead** sued to block the take-over attempt by **Occidental Petroleum**, which were down ¼ at \$21⅞.

**Westvaco** and **Wickes** both gained ground after reporting higher quarterly earnings. Westvaco picked up ½ to \$29¾ and Wickes ¾ to \$18⅞.

**Tektronix** retreated 2¼ to \$43⅞—the company said activity in its stock was due to Wall Street analysts lowering profit estimates for the company's fiscal first period ending on August 19.

REVERSING AN initial loss of 0.28, the American SE Market Value Index was a net 0.30 higher at 164.25 at 1 p.m. Volume amounted to 2.58m shares (2.48m).

Most active issue was **Resorts International "A,"** which advanced 2¾ more to \$92¼—the company stated the previous day that it has bought an Atlantic City hotel for \$7.5m.

**Grand Central** rose 1⅞ to \$15⅞ and **Golden Nugget** 1⅞ to \$32¼, but **Syntex** receded ¼ to \$33¼.

## Canada

Markets continued to display an easier bias in active trading yesterday morning, with the Toronto Composite Index shedding 1.0 more to 1,290.1 at noon. Oils and Gas lost 2.4 to 1,599.6, Banks 1.95 to 288.13 and Papers 0.69 to 130.15, but Golds put on 2.8 to 1,527.2 and Metals and Minerals 1.2 to 1,033.8.

*Budd Automotive* fell C\$3 to C\$10—the company said it will no longer supply full frames to Ford Motor effective with the 1980 model year.

**Combined Metal Mines** eased ½ a cent to 39½ cents on 765,6000 shares after a fixed price offering of 675,000 shares at 52 cents a share.

**Maclean-Hunter "A"** shed ¼ to C\$16½—it is planning to buy the Sterling Newspapers group.

## Tokyo

Mixed movements were recorded yesterday in further limited trading, but with export-orientated stocks, helped by the dollar's continued recovery in Tokyo, often pointing higher. The Nikki-Dow Jones Average closed a modest 5.55 firmer at 5,518.38, while volume amounted to 180m shares (150m).

Electricals, Motors and Cameras, which are prominent exporters, made progress, although some gains were pared by late profit-taking. **TDK Electronics** put on Y10 to Y2,130, **Canon** Y4 to Y460, **Matsushita Electric** Y8 to Y719, **Honda Motors** Y12 to Y535, **Toyota Motor** Y4 to Y859 and **Ricoh** Y14 to Y545, but **Sony**, up Y70 on Monday, came back Y30 to Y1,590.

Public Works issues also made headway, reflecting anticipation of a big Government suplementary Budget. Outstandingly firm were **Toto, Hasegawa Komuten, Daiwa House** and **Saeki Construction**, but **Real Estates, Foods, Shippings** and **Electric Cables** reacted on profit-taking.

Come speculative stocks were favoured.

**Matsushita Kotobuki** rose Y90 to Y1,090, **Ito-Yokado** Y70 to Y1,750, **Nippon Telecommunication Construction** Y60 to Y3,710, **General Sekiyu** Y53 to Y733, **Dainippon Screen** Y50 to Y880, **Japan Security Patrol** Y50 to Y2,200, **Yamanouchi Pharmaceutical** Y40 to Y616 and **Seika Sangyo** Y33 to Y340.

However, **Nippon Television Network** shed Y150 to Y5,900, **Kaken Chemical** Y60 to Y3,230, **Matsushita Seiko** Y50 to Y1,260, **Kyushu Electric Power** Y40 to Y1,250 and **Koatsu Gas Kogyo** Y32 to Y950.

## Paris

Shares were mostly firmer in quiet trading conditions, aided by a ¼ of a point cut in the Call Money rate to 7 per cent.

Banks, Foods and Electricals were well supported, and **Matra**, which announced an agreement on Monday to acquire a 32 per cent stake in **Manurhin** and a 3 per cent interest in **Europe I**, rose by more than 3 per cent. **Europe I**, gained 1.5 per cent.

*Others notably higher* included **CEM, Signaux, Creusot, Sacilor, Saulnes, Chiers, Credit Foncier, Immobilier, Pricel, Gascogne, Bancaire, Credit National, Peugeot-Citroen, Bouygues, Dumez, Phenix** and **Poclain**.

Textiles were the only shares marked known, with **Dollfus-Mieg** and **Sommer-Allibert** closing prominently lower.

## Germany

Profit-taking and lack of fresh buying orders caused an easier tendency yesterday after the recent strong rise. The Commerzbank index, after reaching an eight-year high on Monday, slipped back 1.4 to 822.0.

Brokers said, however, that the overall mood of the market was still favourable and a further upswing is expected.

**GHH** and **MAN**, two rumoured targets for a possible **Volkswagen** diversification move, fell back for the first time since August 11. German papers yesterday prominently displayed stories reiterating denials of any planned take-overs, but most speculators in the three companies held on to their shares. **GHH** shed DM 1 to DM 221 and **MAN** lost DM 1.30 to DM 212.20.

**Volkswagen**, however, advanced DM 3.10 more to DM 253.40, with dealers saying that expectations of a higher first-half earnings announcement at its Press conference, due today, fuelled the rise.

Electricals, Chemicals and Machines were lower-inclined, but generally higher were Banks, Steels and Utilities.

**BMW**, in Motors, shed DM 2.50, while Stores had **Kaufhof** down DM 1.50 but **Neckermann** up DM 1.50.

Public Authority Bonds recorded further losses extending to 30 pfennigs, while the Regulating Authorities purchased a nominal DM 1.4m of paper (DM 3m). Mark Foreign Loans were again irregular.

## Hong Kong

After opening on a firmer note, stock prices generally relinquished more of their recently gained ground, bringing the Hang Seng index back another 22.58 to 634.42 for a two-day fall of 45.70. Total turnover decreased to HK\$260.54m from Monday's HK\$321.15m.

**Jardine Matheson** declined HK\$1 to HK\$16.70 and **Hong Kong Land** 80 cents to HK\$11.60. **Hong Kong Bank** lost 70 cents to HK\$20.70 ahead of interim results due later in the day, while **Hutchison Whampoa** receded 30 cents to HK\$6.45. **Swire Pacific** 25 cents to HK\$9.40 and **Wheelock** 15 cents to HK\$3.425.

**Hang Seng Bank** fell HK\$2 to HK\$170, **China Light** HK\$1.50 to HK\$31.50 and **Hong Kong Wharf** 50 cents to HK\$35.50, but **Tai Cheung Properties** rose 2.5 cents to HK\$2.30.

## Australia

With the long drawn out telecom dispute having effectively cut communication between London and Australian markets and disrupted the free flow of information between the Australian centres, trading remained quiet yesterday and Resources stocks sustained a widespread reaction.

The Sydney visitors gallery was closed because of fears of another outbreak, as on Monday, of vandalism by anti-Budget demonstrators. The gallery regulars at Sydney are usually speculative traders who use the gallery as a forum to *exchange rumours* and information.

Speculative Diamond leader **CRA** came back 10 cents to A\$3.35, while Coals often retreated, with **Utah** losing 15 cents to A\$4.30, **White Industries** 12 cents to A\$2.98, **Howard Smith** 10 cents to A\$4.35 and **Thiess** 3 cents to A\$3.12.

In Uraniums, **Pancontinental** receded 60 cents more to A\$14.90 and **EZ Industries** fell 17 cents to A\$3.00.

Elsewhere in Minings, **MIM** declined 6 cents to A\$2.38, as did **Mount Isa** to A\$2.40, while **Hamersley** shed 5 cents to A\$2.50, but **Mineral Deposits** advanced 7 cents to A\$1.02.

**BHP** relinquished 12 cents at A\$8.04, while Sugar concern **CSR** lost 9 cents at A\$3.25.

Banks were mostly weaker after their post-Budget gains, with **BNS Wales** 6 cents lower at A\$6.60, and **CBC** 4 cents off at A\$1.96.

Second-line Industrials, however, were generally firm in contrast to the leaders, with Building Material Suppliers setting the pace.

Finance stocks were easier but Insurances were steady.

## Johannesburg

The Gold shares market took a turn for the better, reflecting the higher Bullion price and renewed U.S. interest.

Mining Financials were mainly firmer in line with producers. **De Beers** moved sharply ahead by 21 cents to R7.78 on local and overseas interest. Copper and Platinum issues were quietly steady.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

## Indices

### NEW YORK—DOW JONES

| | Aug. 21 | Aug. 18 | Aug. 17 | Aug. 16 | Aug. 15 | Aug. 14 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 888.95 | 886.85 | 900.12 | 894.65 | 897.13 | 885.17 | 900.12 (17/8) | 742.12 (28/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds* | 88.91 | 88.85 | 88.92 | 88.81 | 88.89 | 88.95 | [illegible] (4/1) | 86.78 (11/7) | — | — |
| Transport | 248.65 | 251.07 | 251.80 | 250.68 | 247.81 | 247.78 | 251.80 (17/8) | 199.31 (9/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 106.19 | 106.66 | 106.87 | 106.72 | 108.75 | 108.87 | 110.98 (3/1) | 102.84 (22/2) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's | 23,510 | 34,650 | 45,270 | 56,140 | 29,760 | 32,620 | — | — | — | — |

* Basis of Index changed from August 23

| | Aug. 18 | Aug. 11 | Aug. 4 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 5.24 | 5.26 | 5.25 | 5.20 |

### STANDARD AND POORS

| | Aug. 21 | Aug. 18 | Aug. 17 | Aug. 16 | Aug. 15 | Aug. 14 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 114.95 | 115.35 | 116.28 | 115.82 | 114.87 | 114.98 | 116.28 (17/8) | 95.52 (6/3) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| Composite | 103.89 | 104.75 | 105.08 | 104.65 | 103.85 | 103.87 | 105.08 (17/8) | 86.90 (6/3) | 125.85 (11/1/73) | 4.40 (1/6/32) |

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 10 % |
| Allied Irish Banks Ltd. | 10 % |
| American Express Bk. | 10 % |
| Amro Bank | 10 % |
| A P Bank Ltd. | 10 % |
| Henry Ansbacher | 10 % |
| Banco de Bilbao | 10 % |
| Bank of Credit & Cmce. | 10 % |
| Bank of Cyprus | 10 % |
| Bank of N.S.W. | 10 % |
| Banque Belge Ltd. | 10 % |
| Banque du Rhone | 10½% |
| Barclays Bank | 10 % |
| Barnett Christie Ltd. | 11 % |
| Bremar Holdings Ltd. | 11 % |
| Brit. Bank of Mid. East | 10 % |
| Brown Shipley | 10 % |
| Canada Perm't. Trust | 10 % |
| Capitol C & C Fin. Ltd. | 10 % |
| Cayzer Ltd. | 10 % |
| Cedar Holdings | 10½% |
| ■ Charterhouse Japhet | 10 % |
| Choulartons | 10 % |
| C. E. Coates | 10 % |
| Consolidated Credits | 10 % |
| Co-operative Bank | *10 % |
| Corinthian Securities | 10 % |
| Credit Lyonnais | 10 % |
| The Cyprus Popular Bk. | 10 % |
| Duncan Lawrie | 10 % |
| Eagil Trust | 10 % |
| English Transcont. | 11 % |
| First Nat. Fin. Corp. | 13 % |
| First Nat. Secs. Ltd. | 12 % |
| ■ Antony Gibbs | 10 % |
| Greyhound Guaranty | 10 % |
| Grindlays Bank | ‡10 % |
| ■ Guinness Mahon | 10 % |
| ■ Hambros Bank | 10 % |
| ■ Hill Samuel | §10 % |
| C. Hoare & Co. | †10 % |
| Julian S. Hodge | 11 % |
| Hongkong & Shanghai | 10 % |
| Industrial Bk. of Scot. | 10 % |
| Keyser Ullmann | 10 % |
| Knowsley & Co. Ltd. | 12 % |
| Lloyds Bank | 10 % |
| London Mercantile | 10 % |
| Edward Manson & Co. | 11½% |
| Midland Bank | 10 % |
| ■ Samuel Montagu | 10 % |
| ■ Morgan Grenfell | 10 % |
| National Westminster | 10 % |
| Norwich General Trust | 10 % |
| P. S. Refson & Co. | 10 % |
| Rossminster | 10 % |
| Royal Bk. Canada Trust | 10 % |
| Schlesinger Limited | 10 % |
| E. S. Schwab | 11½% |
| Security Trust Co. Ltd. | 11 % |
| Shenley Trust | 11 % |
| Standard Chartered | 10 % |
| Trade Dev. Bank | 10 % |
| Trustee Savings Bank | 10 % |
| Twentieth Century Bk. | 11 % |
| United Bank of Kuwait | 10 % |
| Whiteaway Laidlaw | 10½% |
| Williams & Glyn's | 10 % |
| Yorkshire Bank | 10 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6¾%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

## NEW YORK

## CANADA

## EUROPEAN OPTIONS EXCHANGE

## GERMANY ◆

## TOKYO ¶

## AUSTRALIA

## OSLO

## BRAZIL

## JOHANNESBURG

## AMSTERDAM

## BRUSSELS/LUXEMBOURG

## PARIS

## COPENHAGEN ♣

## SWITZERLAND ♦

## VIENNA

## MILAN

## STOCKHOLM

## SPAIN ♥

## MONDAY'S ACTIVE STOCKS

# FARMING AND RAW MATERIALS

## Big jump in Irish farm output

By Stewart Dalby

DUBLIN, August 22.

IRISH AGRICULTURAL production increased by a hefty 33.4 per cent last year over 1976 according to figures released today. The Central Statistics Office, which released the figures, points out there was also a substantial increase of 38.9 per cent in farmers' incomes.

The rise, moreover, does not stem wholly from price rises. A new volume index, included in the bulletin, shows that gross total output rose by 9.5 per cent.

Agricultural experts say they regard this volume change as excellent by any standards since the normal increase expected from most EEC countries is four per cent a year.

One agricultural economist said he reckons a seven or eight per cent increase for Ireland is a very good performance. The rise he estimated came from favourable climatic conditions last year, with a long growing season and a recovery from the year before when output was poor.

In terms of income the farmer has clearly done well. Income from self employment and other trading income—taken as the best yardstick of the farmers' net revenue—was £743m as against £534.9m, a rise of 38.9 per cent. If one allows that the consumer price index last year worked out at around 14 per cent, farmers can be seen to have had a good 12 months.

The most striking feature of the year was a steep decline in sheep production. Some 111,900 fewer sheep were produced last year while 1,100 and 27,100 more cattle and pigs on farms respectively were bred. There is no EEC Common Agriculture price for sheep and mutton and this has teneded to discourage production in Ireland. This year, however, could see a recovery since Ireland and France have reached a bilateral agreement on Irish lamb exports to France.

## Metal Exchange to start aluminium futures trading

BY JOHN EDWARDS, COMMODITIES EDITOR

AN ALUMINIUM futures market is to be launched by the London Metal Exchange, it was announced yesterday, amid a welter of criticism from aluminium producers.

Trading will start on October 2 for three months ahead with the first delivery date on January 2, 1979. Dealing will be in primary aluminium ingots with a minimum purity of 99.50 per cent in lots of 25 tonnes each and sterling price quotations.

It will be the first new contract on the Metal Exchange since the silver market was re-introduced in 1968.

Mr. Ian Foster, chairman of the Metal Exchange committee, was at pains to stress that it was not their wish to disrupt the producer price structure in any way, but to provide an additional service in the existing aluminium "free market."

However, there was a hostile reaction to the LME announcement from the aluminium industry. The Aluminium Federation, which represents producers and semi-fabricators, regretted that the advice it had given to the Metal Exchange not to go ahead with the proposed futures contract had not been taken.

Mr. Dennis Pinn, chairman of Alcan Aluminium (UK), said Alcan would not participate in the contract, and not put any of its metal on the Exchange.

The Alcan group would continue to sell available metal at a producer price that reflected market forces and production economics, he added.

Mr. Pinn claimed that the producer price was less volatile and more predictable than metals relying on Metal Exchange quotations as a pricing basis, and this stability had encouraged an above-average growth rate for aluminium over the years. The Exchange market would be an unwelcome de-stabilising influence.

Nevertheless, the Metal Exchange made it plain yesterday that they intended to go ahead, despite the almost universal opposition from producers and other sectors of the aluminium industry, who viewed it as a "foolhardy venture."

Mr. Foster pointed out that the Metal Exchange copper and zinc markets operated alongside producer prices and there was absolutely no reason why they could not do the same with aluminium.

Producers might find the market very useful, if only to finance their stocks in times of surplus. Existing LME stocks of other metals traded already were currently valued at a total of £450m, representing a "remarkable achievement" in obtaining funds from international banking and finacial sources.

The main intention, however, is to bring on to the Metal Exchange the "free market" trade already being carried out by international merchants and provide this with an official pricing and trading centre.

It is estimated that present "free market" aluminium sales account for about 10 per cent of the total world turnover of about 14m tonnes, although the Aluminium Federation has put the figure at only 2 per cent.

The Exchange is confident that it will be able to obtain sufficient supplies to make the market viable, although it could not be specific about where they would come from. The contract has been based on the low-quality grade of 99.5 per cent with the intention of attracting the widest possible supplies, with premiums negotiable for the higher-quality grades.

A list of the brands produced by the leading Western world and Communist bloc smelters has been compiled as constituting good delivery under the contract, unlike other Exchange markets where producers have to apply for the brands to be registered as meeting contract specifications.

There will be four trading sessions, of five minutes each, assigned to aluminium at the end of the existing "rings" in the morning and afternoon.

The big worry is that the producers' continued hostility, and the possibility of a growing scarcity of supplies generally, may make it difficult for the market to operate effectively.

The Exchange has been encouraged to go ahead with this "major step" in its history, after a long wrangle with the industry, by signs of a break-up in the producer price systems for metals generally and suggestions that the younger element among aluminium producers will not be so implacably opposed to the idea.

An aluminium futures contract has been tried only once before—on the New York Mercantile Exchange—and it ceased trading several years ago for lack of support.

## Producer hits at aluminium market plan

BRITISH ALUMINIUM last night described the introduction of an aluminium contract by the London Metal Exchange as against the interests of both producers and consumers of aluminium.

The company said it was regrettable that in an effort to introduce a new group of middlemen into the industry the Metal Exchange has chosen to ignore the clearly expressed views of those who actually made or used aluminium.

## UK herring curb angers EEC

BY GILES MERRITT

BRUSSELS, August 22.

THE EEC Commission revealed today that it has refused to endorse Britain's latest attempts to protect UK herring stocks.

Mr. Finn Gundelach, the Agriculture and Fisheries Commissioner, has notified the British Government that the Commission cannot approve the UK measures announced last week.

Technically, the Commission's decision not to approve the conservation limits imposed by the UK means that Britain could be brought before the European Court of Justice by the Commission.

In fact, the indications are that the whole question of Britain's unilateral limits on herring fishing will be placed high on the agenda when the next EEC Fisheries Council takes place here on September 26.

Mr. Gundelach's letter to the British Government refusing approval follows the August 17 announcement by Mr. John Silkin, Fisheries Minister, that a 28 per cent cut-back on the Irish Sea herring catch to 9,000 tonnes yearly, would be enforced from August 21.

The Irish Sea limit itself followed an earlier measure, when in July the British Government announced that it was banning all direct fishing of herring off the west coast of Scotland.

In his letter Mr. Gundelach expressed "surprise" that the British Government had not chosen to raise the question of its herring conservation measures at the last Fisheries Council, on July 24.

## Peru strike move lifts copper

By Our Own Correspondent

NEWS THAT a state of emergency has been declared in southern and central regions of Peru where miners have brought the industry to a virtual standstill brought a rise in the copper market yesterday.

Cash wirebars closed £4.75 up at £740.5 a tonne and the market moved further ahead in after-hours trading when it was announced that the Peruvian army had been sent to maintain law and order.

## Rally in coffee market

By Our Commodities Staff

LONDON COFFEE futures rallied yesterday, wiping out most of Monday's fall. The November position, which had fallen by nearly £60 on Monday, recovered to £1,392 a tonne, up £40 on the day.

Dealers said the rise mainly reflected nervousness in view of the producers strategy meeting which started yesterday in Bogota, the Colombian capital, and uncertainty about the extent of the damage done by last week's Brazilian frost. Overnight reports that a major U.S. roaster had bought Brazilian coffee may also have encouraged the upward trend.

The Brazilian Coffee Institute is reported to be estimating last week's crop damage at about 8.2m bags (60 kilos each). Most professional traders believe the true figure is much lower—some put it as low as 2m bags—but many speculators are believed to have bought coffee on the strength of the Brazilian estimate.

Market sources said the death of President Jomo Kenyatta of Kenya should not affect coffee shipments but it did unsettle the market in view of the complex overall African situation.

## Romania may buy Indian iron ore

NEW DELHI, August 22.

ROMANIA MAY buy up to 10m tonnes of iron ore from India.

Steel and Mines Minister Biju Patnaik told members of a parliamentary committee yesterday that negotiations are under way for an immediate sale of 2.5m tonnes.

Mr. Patnaik said this would be a breakthrough in seeking new markets for iron ore exports which are expected to reach 23.2m tonnes this year.

Parliament was told that a trial shipment of 32,125 tonnes of iron ore was made to China earlier this month. The government expects to make further exports once the Chinese have tested the ore.

Other commodities being shipped to China include pig iron, wire ropes and steel pipes. Reuter

## INDIAN TEA SALE CANCELLED

CALCUTTA, August 22.

TEA auction authorities in Siliguri, one of India's new tea auction centres, have decided not to hold an auction on August 25 as the staff of the brokers' firms there are still protesting.

SOVIET AGRICULTURE

## Vital role of Virgin Lands

BY ANTHONY ROBINSON

JUST OVER 20 years ago the vast rolling steppe land of North Khazakstan was opened up for cultivation in the Soviet equivalent of the opening up of the American West.

The difference was that exploitation of the so-called Virgin Lands was not undertaken by hardy individual farmers staking out their family plots, but by the establishment of huge state and collective farms averaging 30,000 to 40,000 hectares each.

Train loads of "volunteers," especially young members of the Komsomol youth organisation, left from towns and cities throughout the long-settled Western part of the Soviet Union and were seen off on their flag and slogan bedecked journey like soldiers setting off for the front.

It was all part of Mr. Khrushchev's decision to solve Russia's chronic agricultural problems and "catch up with America." Today the camp sites in which the pioneers sweated out the short hot summers and froze through the long hard winters have been replaced by agro-towns like Tselinograd and Kustenai and large straggling villages of little brick bungalows, mud roads and fenced in gardens.

In a good year like 1976 the 25m hectares under grain in the Virgin Lands are capable of producing nearly 30m tons of mainly good quality hard wheat specially bred for the short growing season and uncertain rainfall. In 1972, a good harvest in the Virgin Lands alone staved off an agricultural disaster when crops failed in the traditional granaries of the Russian Federation and the Ukraine.

### Magic wand failure

Adding a third major grain area has provided a new element of insurance against major crop fluctuations (although all three areas failed simultaneously in 1975) and the Virgin Lands have now become a vital and stable part of the drive to produce more grain and meat.

But this was not the role originally conceived for the Virgin Lands. As historians Roy and Zhores Medvedev make clear in their recent history of Khruschev's years in power, the original strategy was for cultivation of the Virgin Lands as a short-term crash programme.

It was conceived as a quick and relatively cheap and spectacular way of raising the overall output of Soviet agriculture while the whole agricultural system in the more climatically favoured and fertile traditional areas was radically modernised by a re-organisation of the machine tractor station system, the introduction of new crops such as maize and massive new inputs of machinery and fertilisers.

But the magic wand approach favoured by Khruschev failed dismally. The enforced purchase of the formerly state-owned tractor and machinery park virtually bankrupted many of the state and collective farms, maize turned out to be climatically unsuitable, machinery output fell sharply and over-ambitious plans for raising fertiliser production remained pie-in-the-sky.

This meant that the hoped-for increase in production from more intensive cultivation of the established agricultural areas failed to materialise. At the same time the task of organising the Virgin Lands proved far more difficult than expected and imposed a huge strain on the already over-extended transport, agricultural machinery and other supplier industries.

Fortunately for Leonid Brezhnev, the ambitious young party man who was second and then first party secretary in Alma Ata, the capital of Khazakstan from 1956 to 1958, the full extent of the badly thought out and over-ambitious plans to create a new granary almost overnight became clear only after he moved on to new responsibilities.

At first the original reserves of fertility in the virgin soil and favourable weather conditions ensured some good harvests although their net value was severely reduced by the shortage of storage and transport facilities.

It was not long, however, before much of the stored up fertility was exhausted and large areas were badly affected by wind erosion which threatened to create dustbowl conditions over wide areas.

### Ploughing techniques

Coping with these problems and consolidating agriculture in the Virgin Lands has taken two decades of research and massive investment in techniques, machinery and infrastructure of all kinds.

Most of the theoretical work on seed selection and tackling the twin problems of controlling erosion and retaining moisture has been undertaken by the Khazakstan Grain Insutute in Tselinograd.

After a great deal of trial and error, erosion has been kept in check by the introduction of special ploughing techniques which leave the stubble on the fields so that the roots and organic matter keep the soil together. This is supplemented in winter by "ploughing" the snow-covered fields in a chessboard pattern to build up a patchwork of low ridges which prevent the snow from just blowing off the interminable flat fields. Ponds have also been constructed to trap melting snow water.

Without the snow which blows in from Siberia to the north the whole steppe area would be a desert. The snow ploughing technique ensures that enough snow is kept on the fields to give vital spring moisture in an area where annual rainfall varies from a parched 200 mm to a barely sufficient 300 mm.

### Plenty of spring rain

When Mr. Bob Bergland, U.S. Secretary for Agriculture, visited the area last year, he told farming experts that in the U.S. they did not consider cultivating non-irrigated land unless the rainfall was above 400 mm.

In 1976 the Virgin Lands received an average of 245 mm of rain and yields ranged up to 20 centners per hectare in the best areas. In 1975 average rainfall was only 219 mm and average yields fell dramatically to 10.9 centners.

When I visited collective and state farms in the Kustenai area of north western Kazakhstan area, however, farm managers told me that yields in 1975 were as low as 4.6 centners on their farms. Only a rapid decision to plough up the withered crops and re-seed with grass and fodder—plus massive deliveries of grain and fodder from the state—permitted them to survive without slaughtering their meat, dairy, poultry and pig stock.

This year, however, there has been plenty of spring rain and standing in the middle of wheatfields which stretch hundreds of miles north into Siberia and south to the limits of the Khazak desert it is hard to imagine that 25 years ago this was virgin steppe peopled only by nomad shepherds and the first colonies of Volga Germans, Crimean Tartars and other national minorities forcibly re-settled here by Stalin.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Firmer on the London Metal Exchange. Forward metal rose to £760 on the pre-market following news that a state of emergency had been declared in Peru. The market then eased back to £752 on profit-taking before moving ahead in the afternoon to reach £756.5 on the late kerb. News that the Peruvian army had been set in to maintain law and order prompted a further rise in after-hours trading with forward metal being quoted around £757-60. Turnover 24,200 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 739-.5 | —1 | 740-1 | +4.75 |
| 3 months | 754.5-5 | ...... | 755-.5 | +4 |
| Settl'm'nt | 739.5 | —1 | — | ...... |
| Cathodes | | | | |
| Cash | 733.5-4 | +1.5 | 732.5-3.5 | +5.5 |
| 3 months | 748-.5 | +.25 | 747.5-8.5 | +4.75 |
| Settl'm'nt | 734 | +1.5 | — | ...... |
| U.S. Smt. | — | ...... | 63-66 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £739, 39.5, three months £753, 52.5, 52, 52.5, 53.5, 54, 54.5, 55. Cathodes, cash £734, 33.5, three months £748, 48.5. Kerb: Wirebars, three months £755, 55.5, 56. Afternoon: Wirebars, cash £740, three months £755, 55.5, 55. Cathodes, three months £747.5, 48. Kerb: Wirebars, three months £756.5, 58, 57. Cathodes, three months £749.5.

TIN—Easier. A sharp fall in the Penang market saw forward standard metal open lower at £6,670 and come back to £6,650. However, in the afternoon some good U.S. and European physical demand enabled the price to rally to £6,685 on the late kerb. Turnover 935 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6710-15 | —72.5 | 6715-30 | —37.5 |
| 3 months | 6680-700 | —82.5 | 6710-15 | —27.5 |
| Settlem't | 6715 | —75 | — | ...... |
| Standard | | | | |
| Cash | 6710-15 | —72.5 | 6715-30 | —37.5 |
| 3 months | 6670-5 | —75 | 6680-90 | —40 |
| Settlem't | 6715 | —75 | — | ...... |
| Straits E. | †$1798 | —58 | — | ...... |
| New York | — | | — | ...... |

Morning: Standard, three months £6,660, 50, 60, 65, 66, 65, 75, 68, 70. Kerb: Standard, three months £6,660. Afternoon: Standard, three months £6,675, 90, 85. Kerb: Standard, three months £6,680.

LEAD—Lower. Forward metal rose from £331 to £335 on the pre-market, influenced by the early firmness in copper. However, stale bull liquidation touched off some stop-loss selling around the £331-£330 level but this was well absorbed by fresh buying and trade support. Throughout the afternoon the price remained steady and was finally £331 on the late kerb. Turnover 9,175 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 325.5-.75 | —4.37 | 324.5-5 | —4.62 |
| 3 months | 331-.5 | —4.5 | 330-.5 | —4.12 |
| Sett'm'nt | 325.75 | —4.75 | — | ...... |
| U.S. Spot | — | ...... | 331.33 | ...... |

Morning: Cash £325, 26, 26.5, three months £330, 29, 30, 30.5, 32, 31.5, 31, 31.5. Kerb: Three months £332, 32.5, 32. Afternoon: Three months £332, 31.5, 31, 30.5, 30. Kerb: Three months £330.5, 31.

ZINC—Barely changed and influenced by the trend in copper. Initially forward metal rose to £324 but values then dipped with the price falling back to £319.5 before recovering to close on the late kerb at £323.5. Turnover 1,925 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | | £ | |
| Cash | 314-.5 | —3 | 314-5 | —1.5 |
| 3 months | 322-.5 | —3 | 322-3 | —1 |
| S'ment | 314.5 | —3 | — | ...... |
| Prim.west | — | ...... | 29.31 | ...... |

Morning: Cash £314.5, three months £321, 21.5, 22.5, 22, 21.5. Kerb: Three months £323. Afternoon: Cash £315, three months £323, 22.5. Kerb: Three months £322.5, 23, 23.5.

* Cents per pound. † On previous official close. ‡ SM per picul.



## SILVER

Silver was fixed 1.8p and ounce higher for spot delivery in the London bullion market yesterday, at 282.4p U.S. cent equivalents of the fixing levels were: spot 545.7c, up 5c; three-month 555.2c, up 4.5c; six-month 567.5c, up 5.1c; and 12-month 590.3c, up 4.9c. The metal opened at 281-282p (544-545½) and closed at 280-281p (541-542½c).

| SILVER per troy oz. | Bullion fixing pricing | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 282.4p | +1.8 | 280.6p | +0.4 |
| 3 months | 289.05p | +1.65 | 287.25p | +0.5 |
| 6 months | 295.95p | +1.65 | — | |
| 12 months | 312.55p | +1.65 | — | ...... |

LME—Turnover 139 (165) lots of 10,000 ozs. Morning: Cash 282.5; three months 288.88, 89, 89.1. Kerbs: Three months 290.2, 89.1. Afternoon: Three months 297.8, 87.2, 87.3. Kerbs: Three months 287.3, 7.5, 7.2.

## COCOA

Prices moved ahead through the day as consumer interest re-emerged at the lower level, Gill and Duffus reported.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| No.6 Contr't | | | |
| Sept. | 1774.5-75.0 | +18.25 | 1775.0-62.0 |
| Dec. | 1768.0-69.0 | +19.5 | 1768.0-50.0 |
| March | 1749.0-49.0 | +18.5 | 1749.5-35.0 |
| May | 1734.0-35.0 | +10.5 | 1735.0-23.0 |
| July | 1718.0-25.0 | +10.5 | 1715.0 |
| Sept. | 1695.0-1700 | +2.5 | |
| Dec. | 1674.0-80.0 | +4.5 | 1678.0-64.0 |

Sales: 1,826 (3,931) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price August 21: 146.51 (151.61). Indicator prices August 22: 15-day average 152.55 (153.90); 22-day average 150.80 (150.55).

## GRAINS

LONDON FUTURES (GAFTA)—The market opened 35-40 lower on wheat and in good volume saw support in the lows which rallied the market to close 5p lower to 20p up. Barley opened 25p lower and in active trading rallied on good support to close 35-45 up, Acli reported.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday's close | + or — | Yesterday's close | + or — |
| Sept. | 82.55 | +0.20 | 77.40 | +0.40 |
| Nov. | 86.05 | +0.05 | 80.10 | +0.15 |
| Jan. | 87.95 | +0.05 | 82.85 | +0.45 |
| Mar. | 90.55 | +0.20 | 85.40 | +0.40 |
| May | 93.20 | +0.15 | 87.90 | +0.40 |

Business done: Wheat—Sept. 82.70-82.00, Nov. 85.40-84.60, Jan. 88.30-87.55, March 90.75-90.00, May 93.20-93.00. Sales: 229. Barley—Sept. 77.60-76.75, Nov. 80.30-79.55, Jan. 83.00-82.55, March 85.55-85.40, May 88.05-87.50. Sales: 254.

HGCA—Location ex-farm spot prices for August 22: Feed wheat: NE England £80.00, Berks/Oxon £76.15. Other milling wheat: Berks/Oxon £80.0. Feed barley: NE England £73.00, Berks/Oxon £73.60.

The UK monetary co-efficient for the week beginning August 28 is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. One 13½ per cent. Sept. £90.50, Tilbury: U.S. Dark Northern Spring No. Two 14 per cent. Sept. £78.75, Oct. £80.25, transhipment East Coast.

Maize: U.S./French, Sept. £100, transhipment East Coast: S. African White Sept./Oct. £59.50, Glasgow: S. African Yellow Sept./Oct £59, Glasgow.

EEC IMPORT LEVIES: Effective for August 23 in order current levy, plus Sept., Oct. and Nov. premiums, with provious in brackets. All in units of account per tonne: Common wheat 83.71, rest nil (82.45, 0.16, 0.16, nil). Durum wheat—125.11, rest nil (125.11, rest nil). Rye—84.51, rest nil (84.51, rest nil). Barley—82.94, rest nil (82.45, rest nil). Oats—71.74, rest nil (125.11, rest nil). Maize (other than hybrid for seeding)—75.79, rest nil (84.51, nil, nil, 0.32). Buckwheat—All nil (82.94, rest nil). Millet—52.87, rest nil (71.74, rest nil). Grain sorghum—78.78, rest nil (75.79, rest nil). Flour levies. Wheat or mixed wheat and rye flour: 127.95 (128.19). Rye flour: 129.06 (129.06).

## COFFEE

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| September | 1528-30 | +32.5 | 1549-1495 |
| November | 1391-93 | +40.0 | 1405-1350 |
| January | 1321-22 | +48.5 | 1328-1285 |
| March | 1267-69 | +47.5 | 1275-1235 |
| May | 1233-34 | +33.0 | 1245-1225 |
| July | 1206-09 | +37.5 | 1215-1185 |
| September | 1193-98 | +38.0 | 1190-1180 |

Sales: 2,916 (3,281) lots of 5 tonnes.

ICO Indicator prices for August 21 (U.S. cents per pound): Colombian Mild Arabicas 151.08 (151.50). Unwashed Arabicas 145.50 (153.00); other mild Arabicas 148.50 (153.00); Robustas ICA 1976 134.00 (135.00); Robustas ICA 1968 134.25 (135.25). Daily average 140.25 (142.50).

ARABICAS (in order buyer, seller, business, sales): Aug. 178.00-180.00, 174.00-178.00. 4: Oct. 157.00-171.00, 170.00. 2: Dec. 150.00, 160.00, untraded; Feb. 147.00, 157.00, untraded; April, June, Aug. unquoted.

## RUBBER

SLIGHTLY EASIER opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 241 (242) cents (buyer, Sept.).

| No. 1 R.S.S. | Business done | Yesterday's Close | Previous Close |
|---|---|---|---|
| Sept. | 58.15-58.57 | 56.80-56.85 | 58.25-56.70 |
| Oct. | 58.50-56.85 | 57.40-57.75 | 58.50 |
| Oct-Dec | 59.15-58.30 | 58.15-58.25 | 58.25-58.25 |
| Jan-Mar | 61.00-61.10 | 60.50-60.85 | 61.70-60.10 |
| Apr-Jne | 62.35-62.90 | 62.20-62.30 | 63.00-62.00 |
| Jy-Sept | 64.80-64.85 | 63.90-63.95 | 64.40-64.70 |
| Oct-Dec | 66.25-66.55 | 65.55-65.60 | 65.50-65.30 |
| Jan-Mar | 68.00-68.05 | 67.25-67.30 | 68.00-67.00 |
| Apr-Jne | 68.85-68.70 | 68.75-68.80 | 68.80-68.50 |

Sales: 71 lots of five tonnes, 247 (151) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 57.75 (58.75); Sept. 58.25p (57.75); Oct. 59.5p (58.6).

## SOYABEAN MEAL

The market opened steady in thin volume following larger than expected weekly U.S. soyabean inspections for export. Values remained within a narrow trading range and closed with gains of 30p, SNW Commodities reported.

| | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| [illegible] | | | |

## SUGAR

LONDON DAILY PRICE (raw sugar) £91 (same) a tonne cif for shipment. White sugar daily price was fixed at £103.00 (£104.00).

In quiet trading conditions gains of £1.50 were recorded before profit-taking eased prices at the close, C. Czarnikow reported.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| [illegible] | | | |

Sales: [illegible]

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.53 (same) a tonne for home trade and £151.00 (£...) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port) prices for Aug. 21—Daily 7.00 (7.89); 15-day average 7.03 (7.01).

## WOOL FUTURES

(Pence per kilo)

| Australian Greasy Wool | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| October | [illegible] | | |
| December | [illegible] | | |
| March | [illegible] | | |
| May | [illegible] | | |
| July | [illegible] | | |
| October | [illegible] | | |
| December | [illegible] | | |

Sales: Nil (nil) lots of 1,500 kilos.

SYDNEY GREASY—(In order buyer, seller, business, sales)—Micron Contract: Oct. 347.5, ... 353.5, 353.0 ... 363.5-365.5 ... July ... 373.5, 373.0 ... untraded.

NEW ZEALAND CROSSBREDS: Dec. 181.0-183.0 ... untraded ... 184.0-186.0 ... traded, D... nil.

## MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 54.0 to 58.0. English hindquarters 64.0 to 68.0, forequarters 35.0 to 37.0. Eire hindquarters 62.0 to 64.0, forequarters 36.0 to 38.0.

Veal: English fats 64.0 to 70.0. Dutch hinds and ends 82.0 to 84.0.

Lamb: English small 52.0 to 62.0, medium 52.0 to 56.0, heavy 53.0 to 56.0. Scotch medium 54.0 to 56.0, heavy 53.0 to 56.0. Imported frozen: NZ PL 53.0 to 54.0, PM 52.0 to 53.0.

Pork: English, under 100 lbs 37.0 to 44.0, 100-120 lbs 36.0 to 43.0, 120-160 lbs 36.0 to 41.0.

Grouse: Young, best, each, 175.0 to 185.0, Old 60.0 to 80.0.

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported produce: Oranges—S. African: Valencia Late ... Lemons—Italian: 120/180 ... Grapefruit—S. African: 27/72 ... Apples—French: New crop Golden Delicious 20-lb 72's 3.00; Spanish: New crop 0.14-0.15; Italian: Per pound Rome Beauty 0.16; S. African: Granny Smith 10.00. Pears—French: Guyot 28-lb box 3.60; per pound Italian: Guyot 0.16-0.18. Williams 0.20; French: Williams 28-lb 4.60. Peaches—Italian: 14 trays 2.30-2.70; French: 1.70-2.00. Grapes—Per pound Cyprus: Cardinal 0.30, Sultana 0.20, Thompson 0.28, Rosaki 0.35, Alphonse 0.30; Cretan: Sultana 20-lb 3.40; Italian: Regina 5 kilos 2.00-3.00. Plums—Californian ...

English produce: Potatoes—Per 25 kilos ... Lettuce—Per 12 ... Mushrooms—Per pound ... Apples—Per pound Grenadier 0.03-0.04, Lord Derby 0.08, George Cave 0.10-0.12, Bramley 0.10-0.12, Discovery 0.16-0.20. Tomatoes—Per 12-lb English 1.50-2.00. Cabbages—Per crate 0.70. Celery—Per head 0.09-0.10. Cauliflowers—Per 12 Lincoln 1.20-1.50. Broad Beans—Per pound 0.05. Runner Beans—Per pound Stick 0.13-0.18, Ground 0.06-0.08. Peas—Per pound 0.05-0.06. Beetroot—Per 28-lb 0.70-0.80. Carrots—Per 28-lb 0.50-0.80. Capsicums—Per pound 0.20. Courgettes—Per pound 0.07-0.08. Onions—Per bag 1.00-1.30. Swedes—Per 28-lb 0.70-0.80. Turnips—Per 28-lb 1.00. Plums—Per pound Laxtons 0.06, Rivers 0.07, Czars 0.07, Oulsma 0.07. Parsnips—Per 28-lb 1.00-1.20.

## EXCHANGE WAIVES CLEARING FEES

CHICAGO, August 22.

The Chicago Mercantile Exchange will waive clearing fees from September 1 to November 30, president Clayton Yeutter said here.

"Because of the exchange's excellent financial performance, 1978 income has exceeded targeted levels enough to cover projected expenses for the three-month period," he said.

The CME and its divisions, the International Monetary Market and the Associate Mercantile Market posted record trading volumes so far this year. Total volume for the first seven months of 1978 reached 8,152,036 contracts, surpassing 1977's yearly volume of 7,878,247. Reuter

## Japan reaps bumper grain crops

TOKYO, August 22.

JAPAN HAS harvested 538,900 tonnes of wheat, barley and rye—its best crop since 1972, the Agriculture Minister said here.

The crop was sharply up on the 353,000 tonnes harvested last year, and compares with 584,700 tonnes in 1972.

The 1978 crop comprised 224,100 tonnes of wheat, 37,300 tonnes of six-row barley, 227,300 tonnes of malting barley and 50,200 tonnes of rye.

The Ministry attributed the bumper harvest to a 22 per cent increase in planted area to 161,300 hectares and a Government programme to encourage production by giving subsidies. Reuter

## PRICE CHANGES

Price per tonne unless otherwise stated.

| | Aug. 22 1978 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £680 | | £680 |
| Free market (cif) | $1,065/85 | +10.0 | $1049/55 |
| Copper cash W. Bar | £740.5 | +4.75 | £710.5 |
| 3 months do. do. | £755.25 | +4.0 | £731.75 |
| Cash Cathode | £733 | +5.5 | £706.75 |
| 3 months do. do. | £748 | +4.75 | £728.25 |
| Gold Troy oz. | $206.625 | +1.00 | $194.875 |
| Lead cash | £324.75 | −4.625 | £307.875 |
| 3 months | £330.25 | −4.125 | £317.875 |
| Nickel | | | £2,566 |
| Free Market (cif) (lb) | $1.77 | | $1.78 |
| | 1.90 | | 1.87 |
| Platinum troy oz. | £124.5 | | £128 |
| Free Market | £138.25 | +0.5 | £131.25 |
| Quicksilver (76lb.) | $125/30 | | $125/30 |
| Silver troy oz. | 282.45p | +1.8 | 283.3p |
| 3 months | 289.05p | +1.65 | 290.8p |
| Tin Cash | £6,722.5 | −57.5 | £6,435 |
| 3 months | £6,685 | −40.0 | £6,365 |
| Tungsten (z) | $134.50 | | — |
| Wolfram 22.04 lb(z) | $137/41 | | $130/35 |
| Zinc cash | £314.5 | −1.5 | £309.375 |
| 3 months | £322.5 | −1.0 | £319.875 |
| Producers | $625 | | $550/600 |
| Oils | | | |
| Coconut (Phil) | $680r | −5.0 | $660 |
| Groundnut | £648 | | £648 |
| Linseed Crude (v) | £326 | | £339 |
| Palm Malayan | $605r | +10.0 | $565 |
| Seeds | | | |
| Copra Phillip | $470r | +5.0 | $450 |
| Soyabean (U.S.) | $262r | | $259 |
| Grains | | | |
| Barley EEC | | | |
| Home Futures | £80.1 | +0.35 | £82.45 |
| Maize | | | |
| French No. 3 Am | £100 | −0.5 | £102 |
| Wheat | | | |
| No. 1 Red Spring | £90.5 | −0.5 | £91.75 |
| No. 2 Hard Winter | | | |
| English Milling† | £89.5 | ...... | £91.25 |
| Cocoa Shipment | £1,608 | +30.0 | £1,834 |
| Future Nov. | £1,767 | +19.5 | £1,753 |
| Coffee Future | | | |
| Nov. | £1,392 | +40.0 | £1,092 |
| Cotton 'A' Index | 73.7c | | 70.65c |
| Rubber kilo | 57.75p | +1.0 | 52.75p |
| Sugar (Raw) | £91 | | £81.0 |
| Wooltops 64s kilo | 278p | | 283p |

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. o Sept. r Oct. s Sept.-Oct. u Aug.-Sept. v Per ton. z Indicator price.

### FINANCIAL TIMES

| Aug. 21 | Aug. 18 | Month ago | Year ago |
|---|---|---|---|
| 245.58 | 247.00 | 231.85 | 258.61 |

(Base: July 1, 1952=100)

### REUTER'S

| Aug. 22 | Aug. 21 | Month ago | Year ago |
|---|---|---|---|
| 1442.1 | 1464.0 | 1411.1 | 1481.7 |

(Base: September 18, 1931=100)

### DOW JONES

| Dow Jones | Aug. 21 | Aug. 18 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 363.78 | 365.25 | 349.07 | 352.01 |
| Futures | 354.74 | 356.35 | 333.87 | 325.12 |

(Average 1924-25-26=100)

### MOODY'S

| Moody's | Aug. 21 | Aug. 18 | Month ago | Year ago |
|---|---|---|---|---|
| Spie Commty | 932.8 | 935.5 | 910.9 | 825.0 |

(December 31, 1931=100)

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £2.50-£3.20. Medium haddock £3.90-£4.30, small £2.70-£3.40. Large plaice £4.50-£5.30, medium £4.30-£4.90, best small £3.50-£4.30. Skinned dogfish (large) £6.00 (medium) £4.50. Lemon soles (large) £4.50 (medium) £4.00. Saithe £1.80-£2.60.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 132 tonnes, making a total for the week so far of 132 tonnes, W. F. Tattersalls reported. Small purchasing of Middle Eastern growths accounted for most of the turnover. Occasional support in other qualities resulted from the activities of spinners.

## U.S. Markets

## Copper falls, precious metals mixed

NEW YORK, August 21.

COPPER EASED on speculative liquidation. Precious metal finished mixed in quiet conditions after initially opening sharply lower. Coffee closed lower on Commission House selling on reports of Brazilian registration openings, while Sugar ended slightly higher on speculative short-covering and industrial price fixing. Cocoa firmed on speculative buying and trade arbitrage buying, Bache reports.

Cocoa—Sept. 150.90 (151.00), Dec. 148.40 (147.70), March 145.20, May 142.65, July 140.50, Sept. 138.05, Dec. 135.45. Sales: 1,641 lots.

Coffee—"C" Contract: Sept. 144.50-144.75 (152.50), Dec. 134.10-134.50 (138.50), March 126.25-128.50, May 123.25-123.50, July 118.50-122.00, Sept. 118.00-120.00, Dec. 117.00-119.00. Sales: 1,015 lots.

Copper—Aug. 64.15 (64.45), Sept. 64.25 (64.55), Oct. 64.75, Dec. 65.95, Jan. 66.35, March 67.30, May 68.10, July 68.85, Sept. 69.60, Dec. 70.30, Jan. 70.70, March 71.35, May 71.95. Sales: 5,400 lots.

Cotton—No. 2: Oct. 62.25 (62.70), Dec. 64.00-64.10 (64.64), March 65.85-65.90, May 66.70, July 67.60-67.65, Oct. 65.20 bid, Dec. 65.30-65.60. Sales: 5,050 lots.

*Gold—Aug. 206.00 (208.00), Sept. 206.20 (208.50), Oct. 209.70, Dec. 212.70, Feb. 215.70, April 218.50, June 222.00, Aug. 225.30, Oct. 228.80, Dec. 232.30, Feb. 235.80, April 239.30, June 242.50. Sales: 19,280 lots.

†Lard—Chicago loose 25.00 (not available). NY prime steam 26.50 nom. (26.00 traded).

†Maize—Sept. 224½-223½ (223½), Dec. 229-229½ (229), March 236½-236¾, May 242½, July 244½, Sept. 246½.

§Platinum—Oct. 266.00 (260.10), Jan. 268.10 (271.60), April 271.00, July 272.30, Oct. 273.10, Jan. 279.00, April 282.10. Sales: 1,002 lots.

§Silver—Aug. 540.00 (537.50), Sept. 541.10 (539.00), Oct. 545.20, Dec. 553.20, Jan. 557.00, March 565.20, May 573.60, July 582.20, Sept. 591.00, Dec. 604.60, Jan. 609.10, March 618.40, May 627.70. Sales: 11,000. Handy and Harman spot 537.70 (541.90).

Soyabeans—Aug. 665½-666 (657½), Sept. 647½-646 (644½), Nov. 637-636, Jan. 643½-644, March 651, May 654½-654, July 655-655½, Aug. 653½.

Soyabean Oil—Aug. 26.40-26.35 (26.20), Sept. 25.30-25.40 (25.06), Oct. 24.50-24.40, Dec. 23.70-23.65, Jan. 23.45, March 23.20, May 23.10-23.15, July 22.90, Aug. 22.60.

[illegible]

## COMPANY NOTICES



## BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road,
Greenwich SE10 8NL.

* Deposit Rate 6.45%, Share Accounts 6.90%, Sub'pn. Shares 7.95%, Term Shares 2 yrs. 5% above share rate, 1 yrs. 1% above share rate. Interest paid Quarterly on shares/term shares. Monthly Income shares 6.60%.

LONDON GOLDHAWK
(01-995 8321)
15-17 Chiswick High Road,
London W4 2NG.

Sub'pn. Shares 8.20. Deposit Rate 6.45, Share Accounts 6.95.

# STOCK EXCHANGE REPORT

# Institutional and public buying push equities to ten-month high—Gilt-edged also manage to improve

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Aug. 7 | Aug. 17 | Aug. 18 | Aug. 30 |
| Aug. 21 | Aug. 31 | Sep. 1 | Sep. 12 |
| Sep. 4 | Sep. 14 | Sep. 15 | Sep. 26 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Despite the absence of any new background influences, the broadening advance in equity prices continued yesterday. Public support continued, albeit small, but it was the revival of institutional inquiries which provided the real momentum, taking the FT Industrial ordinary share index into new high ground for the last 10 months. Most sectors of the market shared in the movement with stock shortage being responsible for many of the larger gains.

Gilt-edged securities also experienced steadier conditions, mainly through a tendency to close recent bear positions. Business in all maturities was moderate and generally confined to the early trading. Nevertheless, the enhanced price level was fully maintained in sparse dealings after the official close.

Partly encouraged by the view that the current upturn has not yet run its course, investment demand reappeared for selected quality stocks of which sizeable amounts were just not available. Although the leaders eased from the best, selling on the whole was light and usually reflected small public investors accepting the opportunity to take a profit.

Measuring the day's events, the 30-share index stood 5.6 higher *at the 11 am calculation* before closing with a net gain of 4 points at 523.2, its highest level since October 21 of last year. Illustrating yesterday's increased activity, the number of bargains marked rose to 5,727 as against 4,541 on Monday.

A rally in British Funds owed much to a disposition to terminate short commitments, there being little by way of genuine investment interest. As a result, the losses extending to ½ on Monday were fully regained. Corporations were idle and business in recently-issued Fixed Interests was also small.

Arbitrage selling released by activities in both Far Eastern securities and South African Gold shares weighed on the investment currency market and the premium reacted to 98¾ per cent before settling a net 2½ points lower at 99¼ per cent. Yesterday's SE conversion factor was 0.6737 (0.6672).

Increased activity in the Traded Option market saw the number of contracts completed rise smartly to 965 from the previous day's 543. ICI encountered another good demand ahead of their interim results on September 7 and closed with 202 contracts done, 82 of them in them in the October 390 series which added 3 to 27p.

Among recently issued stocks, Eurotherm continued in demand and put on 7 further to 197p, while Cartiers attracted occasional support at 79p, up 3.

Disappointing first-half profits and a sharp reaction in the investment currency premium brought about a fall of 16 to 340p in HongKong and Shanghai. Standard Chartered, on the other hand, rose 12 to 442p following news of the ½ per cent reduction in the South African bank rate. Home banks made progress with Lloyds and Midland closing 6 dearer at 278p and 368p respectively. Antony Gibbs put on 4 to 53p, after 54p, among Merchant Banks where Guinness Peat rose 8 to 258p and Schroders firmed 10 to 430p.

Unsettled recently on concern about the effects a depreciating dollar will have on their U.S. earnings, Insurance Brokers regained composure and closed firmer throughout. Ahead of tomorrow's interim results, Sedgwick Forbes put on 13 to 475p, while Matthews Wrightson added 5 at 197p. Commercial Union rose 6 to 160p among firm Composites and Royal, 402p, and Sun Alliance, 594p, gained 7 and 8 respectively. Elsewhere, Pearl advanced 10 to 270p.

Breweries closed with widespread gains following a reasonable trade. Guinness moved up 4 to 167p, while rises of 3 were recorded in Bass Charrington, 169p, and Border, 87p. Elsewhere, Distillers rose to a 1978 peak of 204p before reacting late and closing without alteration at the overnight 201p.

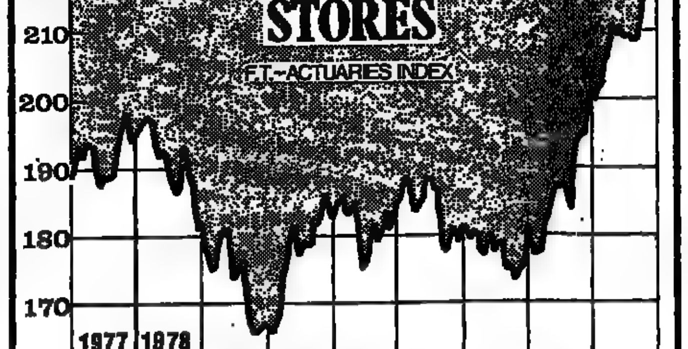
## Burton good

*Buying interest in the Building* sector broadened considerably and gains were fairly numerous. Tarmac were good at 174p, up 6, while Blue Circle continued firmly in anticipation of tomorrow's half-yearly results and improved a similar amount to 303p. Hopes that the company will benefit from the £50m overseas coal contract currently being negotiated with British Coal International prompted a rise of 5 to 106p in D. Crouch. Paint shares came in for a fair measure of support, Blundell Permoglaze rising 5 to 86p and Leyland 6 to 85p, while Magnet and Southerns stood out in Timbers with a gain of 7 to 215p. Contracting issues continued firmly, but tended to fade after an initial improvement.

ICI improved to a fresh peak for the year of 414p before settling at 412p for a rise of 2 on the day. Elsewhere in Chemicals, Fisons put on 7 to 390p, but further consideration of the preliminary figures caused a reaction of that amount to 283p in Blagden and Noakes.

Continuing to respond to the current peak level of consumer spending, Stores made further good progress. Burton issues were well to the fore following a fresh spurt of speculative buying on bid hopes; the Ordinary closed 10 higher at 180p, while the A improved 6 to 164p, after 166p, and the Warrants 3½ to 39p. Ahead of tomorrow's first-half figures, House of Fraser put on 4 to 174p, after 175p. Elsewhere, Bourne and Hollingsworth edged forward 3 more to 283p, still on hopes of early bid news, and Heal and Son added a point to £18, also on bid hopes. News of the group's expansion plans helped Alfred Preedy to put on 6 to 85p. Buying ahead of the interim results due on August 31 left Church up 7 at 187p, while S. Casket closed a like amount better at 55p. Still drawing strength from recent Press comment, A. G. Stanley improved 12 more to 160p.

Electricals finished with many firm spots. Wholesale Fittings continued firmly, rising another 14 to 226p, while small buying in restricted markets left United Scientific 17 better at 364p and Electrocomponents 18 to the good at 378p. Cableform reflected a broker's circular with a rise of 3½ to 84p, while news of the diversification into the electronics industry put Ward and Golstone 3 better at 97p. Racal Electronics were supported at 344p, up 14.




An outstanding market of late on hopes that Hawker will launch a bid, John Brown yesterday succumbed to profit-taking and fell away from an initial firm level of 490p to close 10 down on the day at 478p. Other Engineering leaders closed firm with Tubes 10 up at 436p. Elsewhere, Victor Products added 8 to 210p on buying in anticipation of today's annual results, while Adwest, still on bid hopes, gained 10 more at 298p. Comment on the 48p per share bid terms offered by the privately-owned Kaye Organisation helped Bonser to advance 3 to 44p, while Fluidrive rose 3 late to 94p on the announcement that Thomas Tilling is renewing its offer. Continuing to reflect Press mention, B. Elliott rose 8 more to 147p, while similar improvements were seen in Deritend Stamping, 171p, and Spear and Jackson, 135p. Alcan Aluminium (UK) improved 6 to 163p on the proposed 8 per cent price increase for some of its products.

Awaiting today's preliminary statement, Associated Dairies attracted renewed demand and closed 7 better at 265p for a two-day improvement of 18. Gains of 8 were seen in J. Sainsbury, 235p, and J. Bibby, 260p, while investment demand lifted Rowntree Mackintosh 11 further to 424p. United Biscuits finished 3 up at 95p following acquisition news. Meat Trade Suppliers closed firmly at 84p, up 3, on relief about the preliminary figures. Hotels and Caterers edged upwards with Queen's Moat Houses closing 2½ firmer at 42p and Ladbroke 3 better at 184p.

Double-figure gains were commonplace among secondary miscellaneous Industrials following a good demand. The higher annual profits and proposed 200 per cent scrip-issue pushed Restmore up 18 to 175p, while renewed support in a market none too well supplied with stock left Hunting Associated 15 to the good at 325p. Johnson Matthey rose 20 to 480p ahead of next Wednesday's quartely figures, while I. C. Gas revived with a rise of 16 to 394p. ICL, 390p, Photo-Me, 355p, and Redfearn National Glass, 290p, all closed 10 dearer, while hopes of a lucrative contract from the National Coal Board via the Chinese prompted a rise of 7 to 216p in Powell Duffryn. Black Arrow advanced 5 to 45p in response to the chairman's favourable review and, reflecting the return to the dividend list and higher profits, English and Overseas added 2½ at 33½p, after 34½p. Rank Organisation, 12 higher at 272p, led the advance of the leaders with Metal Box closing 10 better at 376p and Beecham 7 up at 722p.

Still reflecting recent Press mention, Coral Leisures were again favoured at 110p, up 6. Westward TV firmed 2½ to a new peak for the year of 29½p.

Lucas Industries featured in Motors, rising 10 to a 1978 peak of 336p. Dowty, a firm market of late on hopes of lucrative mining equipment orders from China, advanced 13 to 271p for a two-day gain of 17. Automotive Products returned to favour, improving 5½ to 81½p, while other firm spots included Armstrong Equipment, 3½ higher at 67½p. Distributors continued firmly in the wake of reports of buoyant trading. H. Perry stood out at 127p, up 8.

Newspapers recorded some useful gains, with Thomson noteworthy at 270p, up 11, following news of the joint U.S. gas and oil venture.

Buyers were more active in the Property sector than of late. Favourable Press comment on the full report directed fresh interest to British Land which rose afresh to 48p before settling at 47½p, up 1½; the 12 per cent Convertible loan advanced 5 more to £180. B. Sunley moved up 8 to 278p and Warnford 10 to 323p, while gains of around 5 were marked against Berkeley Hambro, 131p, Daejan, 119p and Regional "A," 76p. Westminster improved 2½ to 21p on news that preliminary negotiations are taking place with regard to a possible acquisition.

## Oils below best

Oils enjoyed a reasonably lively day's trading but after an initial flurry prices tended to ease back and final quotations were below the best. British Petroleum improved afresh to 910p before settling at 908p for a rise of 4 on balance, while Shell ended 8 to the good at 595p, after 600p. Outside the leaders, Siebens (UK) closed 5 lower at 384p, after 380p, following Press suggestions that Dome Petroleum's bid for Siebens (Canada) is unlikely to lead to an offer being made for Siebens (UK).

Inchcape consolidated the previous day's rise of 7 with a fresh improvement of 13 to 390p.

Investment Trusts closed with little alteration following a quiet session. New Throgmorton New Warrants moved up 3½ to 31½p. Invest in Success rose 5 to 173p.

Ocean Transport became the focal point of an otherwise little-changed Shipping sector, trading actively around the 114½p mark following the disappointing interim figures before dropping in the late trade to close a net 6½ cheaper at 110½p.

Tobaccos made a firm showing with BAT Industries Deferred closing 7 up at a 1978 peak of 304p.

South Africans had contrasting movements in Greatermans A, 20 higher at a 1978 peak of 175p, and Tiger Oats, 15 easier at 625p.

## Golds rally

The $1.00 rally in the bullion price to $206.625 per ounce arrested the recent decline in South African Golds with the Gold Mines index recovering 2.7 to 182.4.

Business in Gold shares, however, was on a small scale. An initial mark up brought London prices into line with overnight U.S. indications and thereafter trading was subdued.

Heavyweights rose by up to ¾ as in Randfontein, £39, while West Driefontein put on ½ to £24½ and Vaal Reefs and Western Holdings improved a half-point to £15½ and £22½ respectively.

Lower-priced issues attracted good support with rises of between 11 and 13 common to Blyvoor, 353p, Doornfontein, 361p and Venterspost, 238p.

De Beers were a feature in South African Financials; in anticipation of the half-year results, the share leaped to 456p prior to closing 13 firmer on balance at 453p following a persistent and heavy American demand.

Among other South African Financials Anglo American rose 6 to 358p and Anglo American Investment Trust ½ to £47, both reflecting their respective holdings in De Beers. On the other hand, Cape selling lowered Transvaal Consolidated Land ½ to £14½.

London-registered Financials were again sustained by the strength of UK equities.

After being down heavily at the outset of trading in line with the trend in overnight Sydney and Melbourne markets, Australians staged a modest rally in the afternoon reflecting renewed London buying.

Nevertheless, prices remained lower on the day with diamond exploration stocks particularly vulnerable. Conzinc Riotinto fell 5 to 293p, Northern Mining the same amount to 117p and Haoma Gold 4 to 63p.

Base-metal issues showed MIM Holdings finally 4 cheaper at 216p while, among Uraniums, Pancontinental gave up ½ to £13½.

Elsewhere, profit-taking lowered Sabina 4 to 63p and Tanganyika Concessions 5 to 173p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978 high | 1978 low |
|---|---|---|---|---|---|---|
| Rank Org. | 25p | 16 | 272 | +12 | 274 | 226 |
| Shell Transport | 25p | 13 | 595 | + 8 | 600 | 484 |
| Boardman (K. O.) | 5p | 11 | 18 | + 1 | 18½ | 12 |
| BP | £1 | 11 | 908 | + 4 | 908 | 720 |
| ICI | £1 | 11 | 412 | + 2 | 414 | 328 |
| Beecham | 25p | 9 | 722 | + 7 | 725 | 583 |
| De Beers Defd. | R0.05 | 9 | 433 | +13 | 464 | 285 |
| Dowty Group | 50p | 9 | 271 | +13 | 271 | 152 |
| Racal Electronics | 25p | 9 | 344 | +14 | 344 | 196 |
| Francis Inds. | 25p | 8 | 77 | + 3 | 77 | 55 |
| GEC | 25p | 8 | 315 | — | 317 | 233 |
| RTZ | 25p | 8 | 245 | + 1 | 248 | 184 |
| BAT Inds. | 25p | 7 | 336 | + 7 | 346 | 267 |
| Barclays Bank | £1 | 7 | 338 | + 3 | 368 | 298 |
| Inchape | £1 | 7 | 390 | +13 | 445 | 350 |

## FINANCIAL TIMES STOCK INDICES

| — | Aug. 22 | Aug. 21 | Aug. 18 | Aug. 17 | Aug. 16 | Aug. 15 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 70.68 | 70.45 | 70.75 | 70.89 | 71.09 | 71.15 | 70.27 |
| Fixed Interest | 72.55 | 72.52 | 72.81 | 72.83 | 72.89 | 72.88 | 70.15 |
| Industrial Ordinary | 523.2 | 519.2 | 512.9 | 509.3 | 510.0 | 511.2 | 485.7 |
| Gold Mines | 182.4 | 179.7 | 186.1 | 187.9 | 196.2 | 201.0 | 109.1 |
| Ord. Div. Yield | 5.13 | 5.16 | 5.22 | 5.27 | 5.26 | 5.25 | 5.35 |
| Earnings Yld % (full)(*) | 15.51 | 15.41 | 15.59 | 15.72 | 15.69 | 15.92 | 15.16 |
| P/E Ratio (net)(*) | 8.68 | 8.63 | 8.52 | 8.46 | 8.36 | 8.34 | 8.53 |
| Dealings marked | 5,727 | 4,541 | 5,679 | 4,997 | 5,846 | 5,097 | 5,239 |
| Equity turnover £m | — | 79.62 | 100.81 | 79.65 | 76.41 | 71.94 | 81.91 |
| Equity bargains total | — | 18,116 | 20,738 | 14,565 | 17,574 | 21,347 | 11,258 |

10 am 523.3. 11 am 524.3. Noon 524.1. 1 pm 524.2. 2 pm 524.2. 3 pm 524.1.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil = 8.47.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| — | 1978 High | 1978 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 78.58 (5/1) | 68.79 (5/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1) | 70.73 (6/6) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 523.2 (22/8) | 433.4 (2/3) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 206.6 (14/8) | 130.3 (5/1) | 442.3 (22/5/75) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| — | Aug. 22 | Aug. 21 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 145.1 | 126.3 |
| Industries | 219.4 | 189.3 |
| Speculative | 46.3 | 38.4 |
| Totals | 130.4 | 105.4 |
| 5-day Average | | |
| Gilt-Edged | 146.7 | 145.8 |
| Industries | 197.5 | 190.5 |
| Speculative | 46.6 | 50.2 |
| Totals | 121.0 | 118.2 |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Aug. 15 | Aug. 29 | Nov. 9 | Nov. 21 |
| Aug. 30 | Sep. 11 | Nov. 23 | Dec. 5 |
| Sep. 12 | Sep. 25 | Dec. 7 | Dec. 19 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call were Thomson Organisation, British Land, Johnson Group, Coral Leisure, Burton Warrants, K. O. Boardman, Oliver Rix, Associated Engineering, Armstrong Equipment, UBM, Associated Leisure, C. H. Industrials, WGI, Burmah Oil, Otter Exploration and Town and City Properties. Puts were done in British Land, Thorn Electrical and Consolidated Plantations, while doubles were arranged in British Land, Siebens Oil (UK) and Consolidated Plantations Warrants.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | October Closing offer | October Vol. | January Closing offer | January Vol. | April Closing offer | April Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 750 | 166 | 20 | 187 | 10 | — | — | 911p |
| BP | 800 | 118 | 11 | 147 | — | 158 | — | " |
| BP | 850 | 75 | 12 | 105 | — | 124 | — | " |
| BP | 900 | 40 | 52 | 72 | — | 94 | 4 | " |
| Com. Union | 140 | 23 | — | 28 | 5 | 30 | 5 | 160p |
| Com. Union | 160 | 8 | — | 14 | — | 17½ | 1 | " |
| Com. Union | 180 | 2½ | — | 7½ | 8 | 10½ | 2 | " |
| Cons. Gold | 160 | 39 | — | 39 | — | 44 | — | 192p |
| Cons. Gold | 180 | 19 | — | 24 | 15 | 30 | — | " |
| Cons. Gold | 200 | 8 | — | 14 | — | 18 | 31 | " |
| Courtaulds | 100 | 25½ | — | 27 | — | — | — | 123p |
| Courtaulds | 110 | 17 | — | 19 | — | 23 | — | " |
| Courtaulds | 120 | 9½ | — | 13 | — | 16 | — | " |
| Courtaulds | 130 | 4½ | 5 | 7½ | — | 11½ | — | " |
| GEC | 220 | 98 | 8 | 105 | — | — | — | 317p |
| GEC | 240 | 78 | 6 | 87 | — | 90 | — | " |
| GEC | 260 | 58 | 5 | 68 | — | 73 | — | " |
| GEC | 280 | 39 | 15 | 52 | — | 58 | — | " |
| GEC | 300 | 24 | 22 | 37 | 10 | 45 | — | " |
| GEC | 330 | 9 | 7 | 21 | 5 | 29 | — | " |
| Grand Met. | 100 | 22½ | 5 | 25½ | — | 26½ | — | 120p |
| Grand Met. | 110 | 12½ | 16 | 17½ | 7 | 19 | — | " |
| Grand Met. | 120 | 6 | 10 | 11½ | 28 | 13½ | — | " |
| ICI | 330 | 83 | 6 | 85 | 10 | 85 | 8 | 412p |
| ICI | 360 | 55 | 10 | 55 | 12 | 55 | 4 | " |
| ICI | 390 | 26 | 82 | 33 | — | 36½ | 2 | " |
| ICI | 420 | 9½ | 43 | 19½ | 19 | 23 | 15 | " |
| Land Secs. | 180 | 62 | 5 | 64 | — | 65 | — | 239p |
| Land Secs. | 200 | 42 | — | 46½ | 2 | 50 | — | " |
| Land Secs. | 220 | 23 | 52 | 29 | — | 35 | — | " |
| Land Secs. | 240 | 9 | 95 | 15½ | — | 23 | — | " |
| Marks & Sp. | 60 | 36 | — | 35½ | 35 | 36 | — | 95p |
| Marks & Sp. | 70 | 25½ | — | 25½ | 1 | 26 | — | " |
| Marks & Sp. | 80 | 14 | 32 | 15 | 38 | 18 | 1 | " |
| Marks & Sp. | 90 | 7 | — | 9½ | 24 | 11½ | 5 | " |
| Shell | 500 | 105 | 34 | 106 | 10 | 117 | — | 595p |
| Shell | 550 | 56 | 19 | 59 | 51 | 78 | 3 | " |
| Shell | 600 | 17½ | 49 | 32 | 8 | 46 | — | " |
| Totals | | | 610 | | 282 | | 73 | |

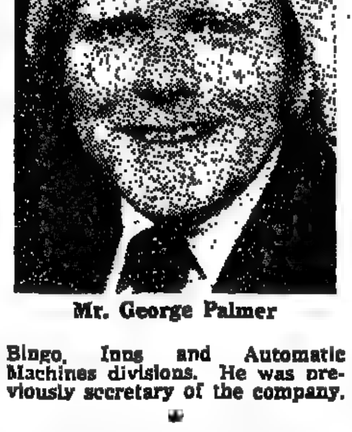
APPOINTMENTS

# Wilkinson executive posts

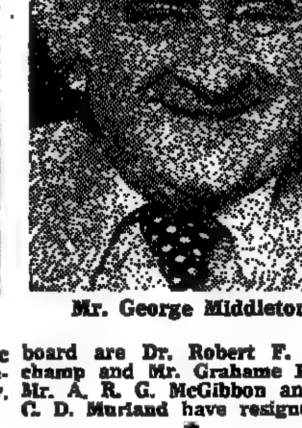
Mr. George Palmer has been appointed managing director of WILKINSON PRODUCTS (UK). He succeeds Mr. George Middleton who becomes product director (personal products) with full-time responsibility for co-ordinating WILKINSON SWORD's razor blade manufacturing facilities internationally.

In addition to his responsibilities for shaving products in Britain, Mr. Palmer will also be in overall charge of the Wilkinson garden tools and scissors operations, sales of Foster Grant and Camargue sunglasses, Nutbrown houseware products and the group's prestige sword activities worldwide.

Mr. Middleton led the Wilkinson team which recently completed the installation of two new razor blade factories in Russia.



Mr. George Palmer



Mr. George Middleton

★

Mr. Arthur Carrick, at present an executive local director of the Ipswich District of BARCLAYS BANK, has been appointed senior local director there from January 31, 1979. He will succeed Mr. John Thornton, who is moving to the bank's Norwich district as an executive local director. Mr. David Barclay, an executive local director, Pall Mall District, becomes an executive local director, Ipswich. Mr. Robert Audsley, managing director of Tootal, has been appointed a non-executive local director of the Manchester local board of Barclays Bank.

★

Mr. J. L. Kaye has been appointed a deputy general manager of MAIBL (Midland and International Banks) from September 1.

★

Mr. Robert Low has been appointed to the board of CALEDONIAN ASSOCIATED CINEMAS with special responsibility for Bingo, Inns and Automatic Machines divisions. He was previously secretary of the company.

★

Mr. C. Boon has become managing director of a new company, INFOTECH EUROPA, based in Holland. He has been succeeded as managing director of INFOTECH INTERNATIONAL by Mr. C. Bunyan and Mr. D. Bates. Mr. S. Addison and Mr. J. Spencer have joined the board of that company.

★

Mr. Christopher K. J. Bowmer has been appointed financial controller of BOWATER CONSUMER PACKAGING. He succeeds Mr. Rodney Webb who has become general manager of that company's flexible division.

★

Mr. Michael Bishop is now chairman of BRITISH MIDLAND AIRWAYS and other members of the board are Dr. Robert F. Beauchamp and Mr. Grahame Elliott. Mr. A. R. G. McGibbon and Mr. C. D. Murland have resigned.

★

Mr. Fredric Williams has been appointed sales and marketing director of ALCAN WINDOWS. He joins the company from GKN.

★

Mr. Michael Geary has been appointed deputy managing director and general manager of BUNZL ADHESIVE MATERIALS (IRELAND), responsible for the Macroom plant.

★

A. R. Stenhouse Reed Shaw and Partners has formed STENHOUSE REED SHAW INVESTMENT SERVICES and the Board of that company consists of Mr. W. M. Wilson (chairman), Mr. S. W. Newton (managing director), Mr. T. N. Allen and Mr. B. J. Willats. Mr. J. W. Gilchrist is company secretary.



## NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs for 1978. There were no new Lows.

*NEW HIGHS (286)*

BRITISH FUNDS (1)
COM'WEALTH & AFRICAN LOANS (1)
CANADIANS (1)
BANKS (6)
BEERS (6)
BUILDINGS (25)
CHEMICALS (5)
DRAPERY & STORES (18)
ELECTRICALS (10)
ENGINEERING (33)
FOODS (4)
INDUSTRIALS (60)
INSURANCE (3)
LEISURE (3)
MOTORS (8)
NEWSPAPERS (3)
PAPER & PRINTING (4)
PROPERTY (20)
SHIPBUILDERS (2)
SHIPPING (1)
SHOES (3)
SOUTH AFRICANS (1)
TEXTILES (6)
TOBACCOS (1)
TRUSTS (25)
OILS (2)
OVERSEAS TRADERS (1)
RUBBERS (2)
MINES (1)

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 75 | — | 3 |
| Corpns. Dom. and Foreign Bonds | 4 | 3 | 55 |
| Industrials | [illegible] | 113 | 794 |
| Financial and Prop. | [illegible] | 36 | 258 |
| Oils | [illegible] | 5 | 15 |
| Plantation | [illegible] | 2 | 25 |
| Mines | [illegible] | 33 | 45 |
| Recent Issues | [illegible] | 2 | 25 |
| Totals | [illegible] | 194 | 1,200 |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or — | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Cartiers Superfoods | 79 | +3 | [illegible] | [illegible] | 4.6 | 7.1 |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Emray | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Eurotherm | 197 | +7 | [illegible] | [illegible] | 2.0 | 18.7 |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Hunting Petroleum Services | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 115 | F.P. | [illegible] | [illegible] | [illegible] | Jones (E.)(Jew'llrs) 10p | 146 | +2 | [illegible] | [illegible] | 5.5 | 12.8 |

### FIXED INTEREST STOCKS

| Issue Price | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price | + or — |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Birmingham Var Rate 83-85 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Caffyns 10% Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Camden Var. Rate Red. 1985 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Do. 11¼% Red. 1986 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Central & Sherwood 10% Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Crosby Spring Interiors 10% Pref. | [illegible] | +1 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | E.R.F. 10% Conv. Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | East Anglia Water 7% Red. Pref. 1983 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | G. R. Holdings 10% Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Moneys 12% Partly Conv. Uns. Ln. '93-'98 | [illegible] | [illegible] |
| 100p | Nil | [illegible] | [illegible] | [illegible] | Negretti and Zambra 9% Cnv. Pref. | [illegible] | −1 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Northampton Var. Rate Red. 1985 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Pittman 11% Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Raybeck 10% Conv. Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Sotheby Parke Bernet 9% Conv. Pref. | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Sefton Var. Rate Red. 1985 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Southend-on-Sea 12% Red. 1986 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Strathclyde Var. Rate Red. 1985 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Wandsworth Variable 1985 | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or — |
|---|---|---|---|---|---|---|---|
| 520 | Nil | [illegible] | [illegible] | [illegible] | Bank of Montreal | [illegible] | [illegible] |
| 56 | F.P. | [illegible] | [illegible] | [illegible] | Blackwood Hodge | [illegible] | [illegible] |
| 58 | F.P. | [illegible] | [illegible] | [illegible] | Headlam Sims & Coggins | [illegible] | [illegible] |
| 70 | F.P. | [illegible] | [illegible] | [illegible] | Leeds (Wm.) | [illegible] | [illegible] |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 35 | F.P. | [illegible] | [illegible] | [illegible] | Norton (W. E.) | [illegible] | [illegible] |
| 55 | F.P. | [illegible] | [illegible] | [illegible] | Property Partnerships | [illegible] | [illegible] |
| 34 | F.P. | [illegible] | [illegible] | [illegible] | Ratcliffs Speakman | 67 | −1 |
| 12 | F.P. | [illegible] | [illegible] | [illegible] | Tecalemit | [illegible] | +2 |
| 100 | [illegible] | [illegible] | [illegible] | [illegible] | Williams J'n's'n 8% Cv. Uns. Ln. | [illegible] | [illegible] |
| 84 | F.P. | [illegible] | [illegible] | [illegible] | Yorkshire Chemicals | [illegible] | +5 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ‡ Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.



# FT-ACTUARIES SHARE INDICES

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| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Tues., Aug. 22, 1978 Index No. | Day's Change % | Est. Earnings Yield % (Max.) Corp. Tax 52% | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) Corp. Tax 52% | Mon. Aug. 21 Index No. | Fri. Aug. 18 Index No. | Thurs. Aug. 17 Index No. | Wed. Aug. 16 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (170) | 248.95 | +1.3 | 15.44 | 4.94 | 8.92 | 245.83 | 243.32 | 242.37 | 242.06 | 208.62 |
| 2 | Building Materials (27) | 226.68 | +1.7 | 15.44 | 4.92 | 9.13 | 222.85 | 220.09 | 220.66 | 220.44 | 171.38 |
| 3 | Contracting, Construction (27) | 413.64 | +0.9 | 16.87 | 3.59 | 8.60 | 409.79 | 404.72 | 400.76 | 396.10 | 280.10 |
| 4 | Electricals (14) | 535.08 | +0.6 | 13.38 | 3.44 | 10.39 | 532.09 | 527.19 | 522.94 | 522.94 | 424.63 |
| 5 | Engineering Contractors (14) | 363.73 | +1.8 | 16.56 | 5.70 | 8.04 | 357.24 | 354.37 | 352.35 | 350.36 | 299.74 |
| 6 | Mechanical Engineering (72) | 198.68 | +1.7 | 16.53 | 5.46 | 8.09 | 195.45 | 193.61 | 193.22 | 193.65 | 169.33 |
| 8 | Metals and Metal Forming (16) | 181.64 | +1.3 | 15.51 | 7.78 | 8.78 | 179.38 | 177.58 | 177.01 | 176.71 | 168.53 |
| 11 | CONSUMER GOODS (DURABLE) (52) | 226.33 | +1.9 | 15.40 | 4.67 | 9.04 | 222.13 | 221.88 | 219.37 | 218.95 | 190.88 |
| 12 | Lt. Electronics, Radio TV (16) | 279.14 | +2.0 | 13.33 | 3.65 | 10.49 | 273.57 | 273.78 | 268.70 | 266.81 | 227.75 |
| 13 | Household Goods (12) | 186.42 | +0.2 | 15.91 | 6.87 | 8.65 | 185.99 | 187.11 | 187.47 | 188.69 | 172.11 |
| 14 | Motors and Distributors (25) | 135.66 | +2.0 | 18.70 | 6.04 | 7.42 | 132.96 | 132.17 | 131.89 | 132.58 | 118.12 |
| 21 | CONSUMER GOODS (NON-DURABLE) (176) | 225.49 | +1.4 | 14.48 | 5.34 | 9.32 | 222.40 | 219.59 | 218.96 | 219.42 | 182.60 |
| 22 | Breweries (14) | 238.10 | +1.8 | 14.58 | 5.89 | 9.43 | 233.94 | 234.18 | 232.51 | 234.23 | 187.28 |
| 23 | Wines and Spirits (6) | 288.43 | +0.1 | 14.77 | 4.98 | 10.10 | 288.18 | 287.50 | 280.71 | 281.80 | 221.99 |
| 24 | Entertainment, Catering (17) | 275.26 | +1.6 | 14.49 | 6.27 | 10.06 | 270.99 | 268.60 | 266.92 | 266.98 | 225.86 |
| 25 | Food Manufacturing (21) | 222.60 | +1.5 | 17.07 | 4.97 | 7.73 | 219.37 | 216.01 | 215.64 | 214.85 | 186.20 |
| 26 | Food Retailing (15) | 233.52 | +1.9 | 13.02 | 4.41 | 10.69 | 229.14 | 223.83 | 225.29 | 223.36 | 193.15 |
| 32 | Newspapers, Publishing (13) | 409.38 | +2.9 | 9.92 | 3.08 | 14.39 | 397.67 | 393.66 | 397.44 | 397.33 | 308.76 |
| 33 | Packaging and Paper (15) | 148.33 | +0.8 | 17.54 | 7.17 | 7.49 | 147.10 | 146.67 | 145.45 | 146.95 | 130.43 |
| 34 | Stores (40) | 216.22 | +1.4 | 9.97 | 4.17 | 14.73 | 213.21 | 208.53 | 208.59 | 209.31 | 178.05 |
| 35 | Textiles (25) | 184.93 | +0.4 | 17.76 | 7.49 | 7.34 | 184.12 | 182.38 | 182.64 | 183.68 | 169.90 |
| 36 | Tobaccos (3) | 263.63 | +1.4 | 20.88 | 7.11 | 5.67 | 259.95 | 258.46 | 256.98 | 257.95 | 214.81 |
| 37 | Toys and Games (6) | 121.32 | +0.5 | 18.68 | 5.26 | 6.26 | 120.66 | 119.77 | 120.30 | 120.53 | 108.27 |
| 41 | OTHER GROUPS (98) | 217.08 | +0.9 | 14.87 | 5.38 | 8.79 | 215.08 | 213.15 | 213.59 | 213.13 | 192.55 |
| 42 | Chemicals (19) | 307.49 | +0.6 | 16.32 | 5.83 | 8.33 | 305.66 | 301.45 | 300.88 | 299.58 | 269.32 |
| 43 | Pharmaceutical Products (7) | 283.95 | +0.8 | 10.09 | 3.59 | 12.27 | 281.63 | 279.14 | 278.71 | 277.37 | [illegible] |
| 44 | Office Equipment (6) | 140.42 | +3.5 | 17.06 | 5.41 | 6.94 | 135.61 | 135.10 | 136.90 | 137.02 | 117.66 |
| 45 | Shipping (10) | 421.26 | −1.1 | 17.16 | 7.27 | 7.18 | 425.92 | 427.21 | 429.08 | 428.43 | 496.97 |
| 46 | Miscellaneous (56) | 232.59 | +1.2 | 15.61 | 5.71 | 8.51 | 229.85 | 228.14 | 229.49 | 229.72 | 190.89 |
| 49 | INDUSTRIAL GROUP (495) | 236.81 | +1.3 | 14.88 | 5.20 | 9.06 | 233.81 | 231.49 | 230.81 | 230.80 | 196.88 |
| 51 | Oils (5) | 520.04 | +0.9 | 14.18 | 3.80 | 7.65 | 515.47 | 505.84 | 499.11 | 496.41 | 514.56 |
| 59 | 500 SHARE INDEX | 260.64 | +1.2 | 14.78 | 5.00 | 8.83 | 257.48 | 254.52 | 253.48 | 253.26 | 222.62 |
| 61 | FINANCIAL GROUP (100) | 179.20 | +1.9 | — | 5.38 | — | 175.88 | 175.24 | 175.13 | 176.00 | 147.25 |
| 62 | Banks (6) | 197.57 | +1.6 | 23.66 | 5.92 | 6.34 | 194.49 | 194.68 | 194.48 | 196.38 | 156.46 |
| 63 | Discount Houses (10) | 213.78 | −0.6 | — | 8.09 | — | 215.17 | 215.42 | 214.25 | 222.69 | 190.15 |
| 64 | Hire Purchase (5) | 169.79 | +0.8 | 11.63 | 4.85 | 12.72 | 168.38 | 166.46 | 168.78 | 166.93 | 143.59 |
| 65 | Insurance (Life) (10) | 155.27 | +3.3 | — | 5.86 | — | 150.31 | 150.03 | 149.07 | 150.00 | 114.98 |
| 66 | Insurance (Composite) (7) | 138.67 | +2.3 | — | 6.22 | — | 135.51 | 134.83 | 134.74 | 135.92 | 123.78 |
| 67 | Insurance Brokers (10) | 363.77 | +1.9 | 12.92 | 4.34 | 11.08 | 357.11 | 355.78 | 356.91 | 358.37 | 336.57 |
| 68 | Merchant Banks (14) | 86.23 | +2.3 | — | 5.68 | — | 84.25 | 83.53 | 84.07 | 83.99 | 78.56 |
| 69 | Property (31) | 263.87 | +1.0 | 3.08 | 2.85 | 57.30 | 261.23 | 259.21 | 258.27 | 256.48 | 201.10 |
| 70 | Miscellaneous (7) | 115.87 | +2.1 | 21.81 | 7.21 | 5.94 | 113.46 | 112.93 | 113.96 | 114.20 | 94.32 |
| 71 | Investment Trusts (50) | 240.22 | +0.8 | 2.90 | 4.29 | 34.50 | 238.43 | 238.52 | 239.21 | 238.78 | 170.42 |
| 81 | Mining Finance (4) | 110.33 | +0.4 | 15.99 | 6.26 | 7.61 | 109.91 | 110.48 | 109.94 | 111.03 | 95.57 |
| 91 | Overseas Traders (19) | 333.93 | +1.2 | 16.32 | 6.72 | 7.68 | 330.05 | 326.20 | 325.98 | 324.17 | 279.38 |
| 99 | ALL-SHARE INDEX (673) | 239.56 | +1.3 | — | 5.09 | — | 236.50 | 234.29 | 233.55 | 233.60 | 201.61 |

### FIXED INTEREST PRICE INDICES

| | British Government | Tues. Aug. 22 | Day's change % | xd adj. To-day | xd adj. 1978 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 104.86 | +0.22 | — | 6.48 |
| 2 | 5-15 years | 115.22 | +0.31 | — | 7.84 |
| 3 | Over 15 years | 121.45 | +0.32 | — | 8.67 |
| 4 | Irredeemables | 128.23 | +0.43 | — | 7.24 |
| 5 | All stocks | 113.28 | +0.28 | — | 7.39 |

### FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

| | | | Tues. Aug. 22 | Mon. Aug. 21 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 8.71 | 8.76 | 6.90 |
| 2 | | 15 years | 10.90 | 10.95 | 10.98 |
| 3 | | 25 years | 11.61 | 11.66 | 11.80 |
| 4 | Medium Coupons | 5 years | 11.50 | 11.58 | 10.14 |
| 5 | | 15 years | 12.09 | 12.13 | 11.94 |
| 6 | | 25 years | 12.11 | 12.15 | 12.39 |
| 7 | High Coupons | 5 years | 11.52 | 11.59 | 10.36 |
| 8 | | 15 years | 12.57 | 12.60 | 13.15 |
| 9 | | 25 years | 12.78 | 12.82 | 13.25 |
| 10 | Irredeemables | | 11.60 | 11.65 | 11.90 |

| | | Tues., Aug. 22 Index No. | Tues., Aug. 22 Yield % | Mon. Aug. 21 | Friday Aug. 18 | Thurs. Aug. 17 | Wed. Aug. 16 | Tues. Aug. 15 | Mon. Aug. 14 | Friday Aug. 11 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 57.82 | †12.94 | 57.78 | ●57.79 | ●57.64 | 57.58 | 57.33 | 57.30 | 57.26 | 54.38 |
| 16 | Investment Trust Prefs. (15) | 51.52 | 13.59 | 51.64 | ●51.73 | ●51.73 | 51.57 | 51.57 | 51.57 | 51.57 | 51.02 |
| 17 | Coml. and Indl. Prefs. (20) | 70.82 | 12.91 | 70.14 | ●70.15 | ●70.25 | 70.58 | 70.49 | 70.47 | 70.47 | 69.34 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● Corrected.

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Progressive ...... 72.7 76.7 +0.7 3.71

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law ...... 73.6 77.4 +1.1 3.76

*Prices at July 31. Next dealing August 31.

## CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at August 15, 1978 (Base 100 at 14.1.77)

| | |
|---|---|
| Clive Fixed Interest Capital | 132.07 |
| Clive Fixed Interest Income | 114.65 |

## CORAL INDEX: Close 522-527

## INSURANCE BASE RATES

| | |
|---|---|
| †Property Growth | 10¼% |
| †Vanbrugh Guaranteed | 9% |

†Address shown under Insurance and Property Bond Table.

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

As at July 31. Next sub day August 31.

Jardine Fleming & Co. Ltd.
48th Floor, Connaught Centre, Hong Kong

| | | | | |
|---|---|---|---|---|
| Jardine Estn. Tst. | HK$311.95 | | ..... | 2.30 |
| Jardine J'pn Fd.* | HK$400.75 | | ..... | 0.80 |
| Jardine S.E.A. | $US19.82 | | ..... | 1.70 |
| Jardine Flem. Int. | HK$12.40 | | ..... | — |
| Intl. Pac Secs. (Inc.) | HK$14.56 | | .. | — |
| Do. (Accum.) | HK14.70 | | .. | — |

NAV Aug. 15 *Equivalent $US84.01. Next sub. August 31.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

| | | | | |
|---|---|---|---|---|
| CMF Ltd. July 27 | $US2.84 | 13.18 | ..... | — |
| CMT Ltd. July 27 | £13.20 | 13.55 | ..... | — |
| Metals Tst. Aug. 17 | £12.22 | 12.52 | | — |
| TMT August 11 | $US11.30 | 11.59 | ..... | — |
| TMT Ltd. Aug. 11 | £11.40 | 11.69 | ..... | — |

World Wide Growth Management♥
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $US16.71 | +0.08 | —

## NOTES

Prices do not include $ premium except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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## CANADIANS

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## BANKS & HP—Continued

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## INSURANCE

[illegible]

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[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPBUILDERS, REPAIRERS

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INV. TRUSTS—Continued

[illegible]

### Finance, Land, etc.

[illegible]

## FINANCE, LAND—Continued

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

### DIAMOND AND PLATINUM

[illegible]



## MINES—Continued

### CENTRAL AFRICAN

| 1978 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 210 | 155 | Falcon Rh.50c | 183 | +6 | Q50c | 1.3 | 23.3 |
| 24 | 15 | Rhod'n Corp. 16½p | 19½ | +½ | 0.57 | 7.1 | 4.4 |
| 80 | 52 | Roan Cons. K4 | 67 | —3 | — | — | — |
| 186 | 122 | Tanganyika 50p | 173 | —5 | Q10.0 | 1.2 | 5.8 |
| 90 | 78 | Do. Pref. 80p | 87 | ... | Q9% | 16.3 | 8.3 |
| 41 | 32 | Wankie Col. Rh1 | 37 | ... | †Q7½c | 1.4 | 17.3 |
| 17½ | 10 | Zam.Cpr SBD0.24 | 15½ | ...... | — | — | — |

### AUSTRALIAN

| 1978 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 15 | 10 | Acmex 25c | 13 | ...... | — | — | — |
| 140 | 64 | Bougainville 50Toea | 139 | ...... | †Q8c | 1.4 | 3.6 |
| 125 | 63 | BH South 50c | 113 | —1 | — | — | — |
| 820 | 150 | Central Pacific | 575 | —25 | — | — | — |
| 306 | 148 | Conzinc Riotinto 50c | 293 | —5 | Q10c | 2.2 | 2.1 |
| 72 | 45 | G.M. Kalgoorlie $1 | 62 | —4 | — | — | — |
| 68 | 18 | Hampa Gold N.L. | 63 | —4 | — | — | — |
| 140 | 81 | Hampton Areas 5p | 132 | ...... | t3.55 | 2.0 | 4.0 |
| 40 | 10 | Metals Ex. 50c | 27 | +½ | — | — | — |
| 223 | 125 | M.I.M. Hldgs. 50c | 216 | —4 | Q9c | 1.7 | 2.6 |
| 39 | 10 | Mount Lyell 25c | 31 | ...... | — | — | — |
| 6½ | 1½ | Newmetal 10c | 5¾ | ...... | — | — | — |
| 143 | 79 | North B. Hill 50c | 126 | —2 | Q8c | 1.5 | 3.9 |
| 16½ | 8½ | Nth. Kalgurli | 16 | +½ | — | — | — |
| 48 | 12 | Nth. West Mining | 43 | —2 | — | — | — |
| 178 | 117 | Oakbridge $A1 | 172 | ...... | †Q11c | 1.9 | 4.0 |
| 70 | 30 | Pacific Copper | 58 | ...... | — | — | — |
| £15½ | 750 | Pancont'l 25c | £13¼ | —¼ | — | — | — |
| 40 | 12 | Paringa M&Ex 5p | 26 | +½ | — | — | — |
| 554 | 310 | Peko-Wallsend 50c | 540 | —2 | Q15c | 4.0 | 1.7 |
| 300 | 50 | Southern Pacific | 225 | ...... | — | — | — |
| 160 | 84 | Westn. Mining 50c | 147 | ...... | Q3c | ф | ‡ |
| 70 | 35 | Whim Creek 20c | 50 | ...... | — | — | — |

### TINS

| 1978 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 24 | ...... | 2.55 | 1.6 | 15.9 |
| 420 | 240 | Ayer Hitam $M1 | 420 | ...... | [illegible] | 0.9 | ‡ |
| 60 | 45 | Berali Tin | 57 | ...... | 3.81 | 4.4 | 10.4 |
| 305 | 200 | Berjuntai $M1 | 300 | ...... | Q110c | ф | 7.9 |
| 145 | 111 | Geevor | 140 | ...... | 0.04 | ф | 5.4 |
| 10½ | 6½ | Gold & Base 12½p | 10¼ | ...... | — | — | — |
| 315 | 220 | Gopeng Cons | 310 | ...... | 15.23 | 0.9 | 7.4 |
| 210 | 130 | Hongkong | 210 | ...... | — | — | — |
| 93 | 78 | Idris 10p | 88 | ...... | ‡12.0 | 1.6 | ‡ |
| 11 | 9 | Jantar 12½p | 9 | ...... | — | — | — |
| 84 | 68 | Kamunting $M0.50 | 84 | ...... | †Q15.5c | 0.7 | 4.0 |

[illegible]

### COPPER

| 1978 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 104 | 70 | Messina R0.50 | 91 | —1 | ‡Q30c | 1.9 | ‡ |

### MISCELLANEOUS

| 1978 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 61 | 35 | Barymin | 58 | +1 | — | — | — |
| 17 | 9 | Burma Mines 17½p | 13 | ...... | — | — | — |
| 300 | 215 | Cons. Murch. 10c | 245 | —5 | ‡Q30c | 2.6 | ‡ |
| 465 | 295 | Northgate C$1 | 400 | ...... | — | — | — |
| 248 | 164 | R.T.Z. | 245 | +1 | 9.5 | 2.8 | 5.8 |
| 90 | 30 | Sabina Inds. C$1 | 63 | —4 | — | — | — |
| £12 | 750 | Tara Exptn. $1 | 875 | ...... | — | — | — |
| 71 | 43 | Tehidy Minerals 10p | 71 | ...... | ‡1.35 | ф | 2.8 |
| 185 | 120 | Yukon Cons. C$1 | 182 | ...... | Q7c | 2.9 | 1.8 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue H. Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 25½ | ...... |
| Ash Spinning | 45 | ...... |
| Bertam | 20 | ...... |
| Bdg'wtr. Est. 50p | 310 | ...... |
| Clover Croft | 26 | ...... |
| Craig & Rose £1 | 520 | ...... |
| Dyson (R. A.) A | 38 | ...... |
| Ellis & McHdy | 61 | ...... |
| Evered | 19 | +2 |
| Fife Forge | 52 | ...... |
| Finlay Pkg. 5p | 21 | ...... |
| Graig Ship. £1 | 120 | ...... |
| Higsons Brew | 77 | ...... |
| I.O.M. Stm. £1 | 155 | ...... |
| Holt (Jos.) 25p | 260 | ...... |
| N'thn. Goldsmith | 68 | +1 |
| Pearce (C. H.) | 185 | ...... |
| Peel Mills | 20 | ...... |
| Sheffield Brick | 46 | ...... |
| Sheff. Refrshmt. | 62 | ...... |
| Sindall (Wm.) | 105 | ...... |

IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £92⅞ | ...... |
| Alliance Gas | 65 | ...... |
| Arnott | 360 | ...... |
| Carroll (P.J.) | 103 | ...... |
| Clondalkin | 95 | —1 |
| Concrete Prods. | 135 | ...... |
| Heiton (Hldgs.) | 48 | —2 |
| Ins. Corp. | 160 | ...... |
| Irish Ropes | 130 | ...... |
| Jacob | 63 | ...... |
| Sunbeam | 33 | ...... |
| T.M.G. | 170xc | —2½ |
| Unidare | 110 | ...... |

## OPTIONS

### 3-month Call Rates

**Industrials**

| | |
|---|---|
| A. Brew | 6½ |
| A.P. Cement | 18 |
| B.S.R. | 9 |
| Babcock | 11 |
| Barclays Bank | 25 |
| Beecham | 35 |
| Boots Drug | 15 |
| Bowaters | 16 |
| B.A.T. | 24 |
| British Oxygen | 6 |
| Brown (J.) | 20 |
| Burton 'A' | 12 |
| Cadburys | 5 |
| Courtaulds | 10 |
| Debenhams | 8 |
| Distillers | 15 |
| Dunlop | 7 |
| Eagle Star | 11 |
| E.M.I. | 14 |
| Gen. Accident | 17 |
| Gen. Electric | 18 |
| Glaxo | 40 |
| Grand Met. | 9 |
| G.U.S. 'A' | 20 |
| Guardian | 18 |
| G.K.N. | 22 |
| Hawker Sidd. | 20 |
| House of Fraser | 12 |
| I.C.I. | 20 |
| "Imps" | 6 |
| I.C.L. | 20 |
| Inveresk | 8 |
| KCA | 3 |
| Ladbroke | 17 |
| Legal & Gen. | 14 |
| Lex Service | 7 |
| Lloyds Bank | 22 |
| "Lofs" | 4 |
| London Brick | 5 |
| Lonrho | 5 |
| Lucas Inds. | 25 |
| Lyons (J.) | 10 |
| "Mams" | 7 |
| Mrks. & Spncr | 10 |
| Midland Bank | 25 |
| N.E.I. | 12 |
| Nat. West Bank | 22 |
| Do. Warrants | 10 |
| P & O Dfd. | 2 |
| Plessey | 8 |
| R.H.M. | 5 |
| Rank Org. 'A' | 18 |
| Reed Intnl. | 12 |
| Spillers | 3 |
| Tesco | 4 |
| Thorn | 22 |
| Trust Houses | 15 |
| Tube Invest. | 30 |
| Unilever | 35 |
| Utd. Drapery | 7½ |
| Vickers | 15 |
| Woolworths | 5 |

**Property**

| | |
|---|---|
| Brit. Land | 3¼ |
| Cap. Counties | 4½ |
| E.P. | 5 |
| Intreuropean | 4 |
| Land Secs. | 16 |
| MEPC | 12 |
| Peachey | 8 |
| Samuel Props. | 9 |
| Town & City | 1¼ |

**Oils**

| | |
|---|---|
| Brit. Petroleum | 45 |
| Burmah Oil | 5 |
| Charterhall | 3 |
| Shell | 28 |
| Ultramar | 20 |

**Mines**

| | |
|---|---|
| Charter Cons. | 12 |
| Cons. Gold | 14 |
| Rio T. Zinc | 16 |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday August 23 1978

# Barclays and NEB to rescue Monotype

BY MAX WILKINSON

THE National Enterprise Board has joined Barclays Bank in a rescue operation for Monotype, the printing equipment company based at Redhill, Surrey.

The board and Barclays will each take a 37.5 per cent stake in the equity of the company. The board is providing a total of £3.5m, partly for equity and partly as a loan. Barclays is taking its equity stake in exchange for interest on existing loans of £3.25m.

The board is backing the company mainly to help with the launch of an all-British computer controlled laser typesetter which the company hopes will replace traditional molten metal machines in newspaper offices.

At the same time it is putting in a new chairman and chief executive, Dr. Peter White, until recently chairman of Linotype UK, Monotype's main competitor.

## Complex

As part of a complex series of deals, Monotype Holdings is to acquire City Computer Systems, the software company at present controlled by Dr. White, Professor Brian Gaines of the University of Essex and by stockbrokers Laurie Milbank.

Prof. Gaines is to be technical director of Monotype.

Monotype employs 1,550 people, most of them at its factory in Redhill, Surrey. The National Enterprise Board has said a substantial reduction of the labour force will be needed as the company changes to electronic production.

Monotype, with a turnover of around £15m, is a subsidiary of Grendon Securities, the property group, which acquired it in 1973 after a lengthy takeover battle.

In September, 1973, Eastminster, one of Mr. Christopher Selmes' interests, acquired 40 per cent of the capital of Grendon. Subsequently CST Investments took over the group with the help of Keyser Ullmann. However, after a series of troubles, the Grendon Board resigned in 1974 at the request of Keyser Ullmann and a new board took over.

A Board of Trade inquiry into CST was set up in 1975, and throughout this period Monotype was starved of investment.

John Elliott writes: The proposed Monotype deal is the latest in a series of arrangements the Enterprise Board has been setting up with major financial institutions.

## Sensitive

It announced this week that it had joined the Industrial and Commercial Finance Corporation in investing in BTB Engineering, which makes specialised three-wheeled vehicles.

Today it will be announced that the Enterprise Board has set up a joint company with the Midland Bank to provide small firms with finance. Launched in Newcastle as a pilot scheme for the North-East, the arrangements will involve both loans and equity.

The board has established these joint ventures at a politically sensitive time. The Conservative party has said it will cut back the board's activities if it wins the next general election. But the fact that the Enterprise Board is gaining acceptance among established financial institutions may make this more difficult to carry out.

News Analysis Page 5

# Yugoslav plan to sell arms to China will anger Russia

BY PAUL LENDVAI

BELGRADE, August 22.

YUGOSLAVIA may sell arms to China in a move bound to anger the Soviet Union.

Talks about the sale of Yugoslav arms to the Chinese, who have recently made great efforts to modernise their armed forces, have been in progress during Chairman Hua Kuo-feng's visit to Belgrade.

These follow visits by two military missions earlier this year, ostensibly to study the country's defence system.

Were such a sale to go through, the Soviet Union—already deeply worried by the huge welcome accorded to the Chinese leader—would regard it as an "unfriendly act," according to Soviet bloc observers. This could, in turn, lead to a reduction, or a suspension, of Soviet arms supplies to the Yugoslavs.

Against this background there are reports that President Tito, the 86-year-old Yugoslav leader, may go to Moscow next month for talks with the Soviet leadership though it is not clear whether this is at his own or the Kremlin's invitation.

Emphasising that any arms sales to China would be solely of defensive equipment, Yugoslav sources added that Yugoslavia had a well-developed modern arms industry, and it was "only natural" that it should be attracted by the vast Chinese market.

Yugoslayia manufactures an estimated 80 per cent of its own arms, but has to rely on the Soviet Union for fighter aircraft and other advanced equipment. A curb or reduction in Soviet equipment and spare parts supplies would badly hit its armed forces.

Following the spate of recent Soviet attacks on Chinese "meddling" in Balkan affairs, observers in both Yugoslavia and Romania—the first country visited by Chairman Hua in his present tour—consider that some kind of Soviet retaliation against these countries can no longer be ruled out.

Chairman Hua and President Tito were today enthusiastically greeted by some 400,000 people here when they drove in an open car through Belgrade.

Along the route crowds waved Chinese and Yugoslav flags and held banners welcoming the Chinese leader and hailing Yugoslav-Chinese friendship.

"This reception is a political demonstration. When our Mr. Brezhnev came here two years ago, there were no enormous crowds and no pictures of him. Who could have dreamed of a drive in an open car through the city?" a Soviet diplomat remarked bitterly.

The Chinese are understood to be delighted with their reception, and the international effect of the visit.

Chairman Hua again had a crowded programme today. In addition to visiting the Yugoslav Prime Minister and having talks with Marshal Tito, he planted a tree at the Park of Friendship, visited the Sava Congress Centre and the military museum, received the gold plaque of the City of Belgrade, and attended a performance at the National Theatre in the evening.

# Deadlock over Nigerian $1bn. loan broken

BY MARY CAMPBELL

THE MONTH-OLD deadlock on Nigeria's proposed $1bn Euromarket loan has been effectively broken. Two developments in the past two days make it almost certain that Nigeria will be able to draw down $1bn of foreign currency funds in the late autumn.

Commitments to the loan had until yesterday been static at $700m for several weeks as the managers grappled with banks' conflicting commitments to provide funds for projects for which their corporate customers had submited tenders. However, one new bank, Societe Generale, has now come into the underwriting group for $50m.

In addition, German banks report that the consensus of a meeting they held on Monday afternoon on a separate DM750m ($375m) project financing was that they should concede the wish of the Nigerian Ministry of Finance and add this loan to the main package.

Some German banks are apparently still looking for ways to maintain a separate identity for their lending and for this and other reasons it will be 10 days or two weeks before a switch can be confirmed.

## Subscriptions

However, it is thought that the bulk of the German banks involved in the DM750m consortium are now willing in principle to transfer their commitments.

The time table for the loan is now running late. It remains to be seen whether it will be opened up for subscriptions by banks generally at a smaller sum than the scheduled $1bn in the expectation that the Germans would come in later. Alternatively, the managers could decide to wait until the German decision is clear before launching the loan on the market.

Successful completion of the $1bn loan is crucial for Nigeria. Its foreign debt is small but the declining oil revenues over the past year coupled with an ambitious programme of capital investment have pushed foreign currenc yreserves sharply down.

The rate of reserve loss has slowed in the past two months and oil revenues are thought to be picking up, but the country still faces a foreign currency shortage.

# Engineers' union in tough line on rebels

By Alan Pike, Labour Correspondent

ENGINEERING UNION leaders yesterday endorsed a policy of tough action to try to regain control over two groups of workers who are refusing to call off unofficial strikes at BL (formerly British Leyland) plants.

The Amalgamated Union of Engineering Workers executive instructed local officials covering the SU Fuel Systems factory in Birmingham and the Bathgate truck and bus plant near Edinburgh to call emergency meetings of their district committees tomorrow. Executive members will attend these meetings

At the weekend the 32 toolroom strikers from the SU factory failed to attend another district committee meeting to which they had been called. The committee imposed £9 fines on 30 of the men and these were promptly confirmed by the executive yesterday.

Mr. Hugh Scanlon, president, said that after the district committee has met tomorrow "the executive will give immediate consideration to endorsing any further steps the district committee takes to safeguard the jobs of people involved in that area."

This suggests that the union leadership is prepared to take very strong action against the toolmakers, who see themselves as spearheading a continuing campaign for pay parity and separate negotiating rights in the BL toolrooms. Other workers at the factory have already agreed to help keep the plant running during the dispute.

However, the strikers are receiving support from the unofficial committee which led last year's crippling stoppage in the Leyland Cars toolrooms and other toolmakers are providing financial aid for the SU men.

If the strikers ignore tomorrow's appeal for a return to work and the executive continues with a strong line, it risks another confrontation with the unofficial committee.

BL management has written to the AUEW warning that it will close indefinitely the Bathgate plant, where a strike by 1,500 production workers demanding more money for operating new machinery is now in its third week, unless there is a return to work. This would lead to lay-offs at the Albion plant in Glasgow. The 39 shop stewards involved in the strike will be given a similar instruction to the SU men at a meeting in Falkirk tomorrow.

# Details of Chrysler takeover to be announced next week

FINANCIAL TIMES REPORTER

THE FIRST detailed explanation by Peugeot-Citroen of its plans for developing Chrysler's European operations under the proposed takeover announced two weeks ago is expected to be given next week.

The group's chairman, M. Jean-Paul Parayre, is holding a Press conference in Paris on August 31 by which time talks in London between the French company and the UK Government should be well advanced.

Meanwhile, trade union officials in Britain have had talks with their French counterparts and have as yet not shown any signs of opposing the takeover.

Yesterday, the Amalgamated Union of Engineering Workers' executive decided to reject any idea of the British Government nationalising Chrysler's UK operations and merging them with BL, formerly British Leyland.

Mr. Hugh Scanlon, the union's president, who is on the board of the NEB which owns B, said that there was already spare capacity at BL car plants and that a merger with Chrysler UK would only worsen the company's situation.

This is in line with the views not only of the NEB but also of BL and the Government, and there appears to be no prospect of an attempt being made to engineer a takeover of Chrysler UK.

Similarly, there is little prospect of the Government mounting a bid itself, or through BL, for the all of Chrysler's European operations even though there has some trade union and other interest in the idea.

There are two main reasons for this. One is that it is assumed that the French Government would oppose a British takeover of Chrysler's French Simca interests. Second there is thought to be little prospect of the UK Government gaining Parliamentary approval for a BL bid for all Chrysler's European operations which are valued at $430m in cash and shares in the proposed Peugeot-Citroen deal.

The AUEW also decided yesterday to submit an emergency resolution on Chrysler to the TUC Congress which opens in Brighton on Monday week. This will reinforce a demand which the union has already made to Mr. Eric Varley, Industry Secretary, that there should be a direct Government representation on the Board of any company which takes over Chrysler UK.

# European poll candidates will need £600 deposit

BY RICHARD EVANS, LOBBY EDITOR

THE FIRST direct elections to the European Parliament to be held on June 7 next year will involve higher deposits by candidates than expected and a longer campaign, if recommendations contained in a Government White Paper yesterday are accepted.

The Government's proposals, which are subject to Parliamentary approval, confirm that although the UK will poll on Thursday, June 7, ballot boxes will be locked away and counting will not start until all the other member states have completed polling on June 10. The final results will not be known until June 11, or later.

The elections to the Strasbourg Assembly will broadly follow the pattern of Westminster Parliamentary elections but there will be some innovations largely to take account of the constituencies which are about eight times larger than Westminster seats.

It is proposed that the deposit required from each candidate should be £600 and that nomination papers should be endorsed by 30 electors.

In an earlier White Paper it was suggested that the deposit should be £500 with 50 subscribers but the Conservatives in particular thought the deposit too low — they sought £1,500 — a lower amount, they thought, could lead to too many frivolous candidates.

The change in the number of signatures followed representations from local authority associations which felt that 50 was too many and could lead to nominations being rejected on technical grounds. In contrast the Conservatives would have preferred 100 signatures.

The timetable for the elections is to be based on the longer three-week period of local government elections rather than on the minimum 17 days of parliamentary elections because of the extra organisation needed.

Candidates will be allowed to spend up to £5,000 on their campaign plus 2p for each registered voter in their constituency. This means that the average expenses will be about £15,000—a considerable cost to political parties who do not receive any subvention from Strasbourg.

Proposals for the constituency boundaries for the 78 Assembly seats in Britain and the three in Northern Ireland have already been published by the Boundary Commissions and final recommendations are expected next month.

# An extra 300 holiday trains

OVER 300 extra trains are planned by British Rail to cope with the expected rush of travellers over the Bank Holiday.

Regular Inter-City services will be supplemented by many extra trains and there will be a wide variety of special excursions. Passengers are advised to reserve accommodation on long-distance trains.

There are bargain tickets, including the family summer travel offer, which entitles every adult Awayday ticket holder to take one or two children under 14 for only 40p each.

Most of the extra trains will run between Friday, August 25, and Tuesday, August 29.

Continued from Page 1

# Kenyatta

potential loyalties of leading members of Kenya's other tribes, including, for example, the former Vice President, Oginga Odinga, who has been excluded from the main stream of Kenya politics since his arrest by President Kenyatta in 1969.

Whereas it is already clear that the battleground for the presidency will be inside the party, no date has yet been set for party or general elections. According to the constitution, the party elections should take place within the next six weeks.

Continued from Page 1

# Ship crisis

worth £752m a year earlier, immediately before the corporation's vesting day.

The only comfort for shipowners in yesterday's figures is the rapid depletion of the world order book for oil tankers and bulk carriers.

Both sectors suffer excessive capacity. More than 1m grt of each type of vessel were delivered in the period and more than 8.7m grt of general cargo ships are also still to be completed.

Yesterday Ocean was predicting an improvement in the second half of its year, with better performance from the Overseas Containers consortium, of which it is a member, after an end to labour troubles in London and Southampton.

It also expects a recovery in its West African trade as port congestion has eased to permit almost normal turn-round times for ships.

Some drawbacks persist, however. The UK-West Africa lines consortium, of which Ocean is a part, has just agreed to cut from 25 per cent to 14.25 per cent a recent freight rate increase after pressure from African states. The group also continues to take heavy losses on ship sales.

Ocean has sold 18 ships this year from a total fleet of little more than 50 vessels. Its share price was down 6½p yesterday at 110½p.

# Weather

UK TODAY

MOSTLY dry, sunny spells; perhaps rain at first in S. England.

London, S. England, Channel Isles

Mainly dry, sunny periods. Max. 20C (68F).

E. Anglia, Midlands, E. England, Wales, N. England, Lakes, I. of Man, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll, N. Ireland

Dry, sunny periods. Max. 18C-20C (64F-68F).

N. Scotland, Orkney, Shetland

Cloudy, showers. Max. 15C (59F).

Outlook: Mostly dry, sunny spells; rain spreading S. in Scotland.

BUSINESS CENTRES

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Amsdm. | S | 22 | 72 | Luxemb'g | S | 25 | 77 |
| Athens | F | 29 | 84 | Madrid | S | 32 | 90 |
| Bahrain | S | 34 | 93 | Manchstr. | R | 16 | 61 |
| Barcelona | F | 27 | 81 | Melbourne | R | 9 | 48 |
| Beirut | S | 28 | 82 | Milan | S | 26 | 79 |
| Belfast | C | 15 | 59 | Montreal | S | 21 | 70 |
| Belgrade | S | 24 | 75 | Moscow | C | 23 | 73 |
| Berlin | S | 27 | 81 | Munich | S | 24 | 75 |
| Brmghm. | R | 18 | 64 | Newcastle | F | 18 | 64 |
| Bristol | C | 18 | 64 | New York | S | 23 | 73 |
| Brussels | S | 24 | 75 | Oslo | C | 18 | 64 |
| Budapest | S | 24 | 75 | Paris | S | 24 | 75 |
| B. Aires | S | 16 | 61 | Perth | S | 22 | 72 |
| Cairo | S | 31 | 88 | Prague | S | 25 | 77 |
| Cardiff | R | 17 | 63 | Reykjavik | R | 10 | 50 |
| Chicago | C | 20 | 68 | Rio de J'o | S | 27 | 81 |
| Cologne | S | 24 | 75 | Rome | S | 18 | 64 |
| Copnhagn. | S | 24 | 75 | Singapore | S | 29 | 84 |
| Dublin | C | 15 | 59 | Stockholm | C | 21 | 70 |
| Edinburgh | C | 17 | 63 | Strasbrg. | S | 27 | 81 |
| Frankfurt | S | 28 | 82 | Sydney | S | 18 | 64 |
| Geneva | S | 24 | 75 | Tehran | S | 30 | 86 |
| Glasgow | R | 15 | 59 | Tokyo | S | 35 | 95 |
| Helsinki | S | 19 | 66 | Toronto | S | 22 | 72 |
| H. Kong | C | 27 | 81 | Vienna | S | 25 | 77 |
| Jo'burg | S | 15 | 59 | Warsaw | F | 22 | 72 |
| Lisbon | S | 30 | 86 | Zurich | S | 25 | 77 |
| London | S | 22 | 72 | | | | |

HOLIDAY RESORTS

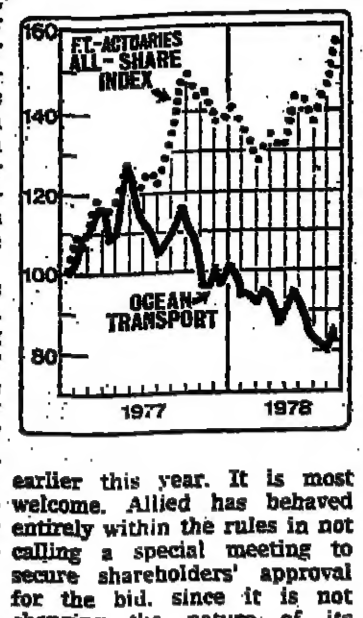
| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Istanbul | F | 25 | 77 |
| Algiers | S | 29 | 84 | Jersey | F | 18 | 64 |
| Biarritz | S | 24 | 75 | Las Plms. | S | 24 | 75 |
| Blackpool | C | 16 | 61 | Locarno | F | 26 | 79 |
| Bordeaux | S | 29 | 84 | Majorca | S | 28 | 82 |
| Boulogne | C | 15 | 59 | Malaga | S | 28 | 82 |
| Casablnca. | F | 26 | 79 | Malta | C | 28 | 82 |
| Cape Town | S | 20 | 68 | Nairobi | S | 20 | 68 |
| Corfu | S | 25 | 77 | Naples | S | 29 | 84 |
| Dubrovnik | S | 25 | 77 | Nice | F | 26 | 79 |
| Faro | S | 31 | 88 | Oporto | C | 18 | 64 |
| Florence | S | 30 | 86 | Rhodes | S | 27 | 81 |
| Funchal | S | 26 | 79 | Salzburg | S | 26 | 79 |
| Gibraltar | S | 26 | 79 | Tangier | S | 31 | 88 |
| Guernsey | C | 16 | 61 | Tenerife | S | 21 | 70 |
| Innsbruck | S | 25 | 77 | Tunis | F | 28 | 82 |
| Inverness | F | 16 | 61 | Valencia | C | 27 | 81 |
| Isle of Man | S | 16 | 61 | Venice | S | 25 | 77 |

S—Sunny. F—Fair. C—Cloudy. R—Rain.

THE LEX COLUMN

# A big drop for Ocean

Index rose 4.0 to 523.2




Ocean Transport is likely to maintain its dividend this year. But it warns that future payments depend on an extension of recently improving trends, and the level of dividend cover this year is going to be far lower than the market had expected. Interim profits have slumped from £26.1m to £2.3m pre-tax (after losses of £2m on ship sales) and the forecast for the year is £9m to £10m pre-tax compared with £39.1m in 1977. The gross cost of the dividend is about £13½m.

The first half decline has been accelerated by two special factors. Ocean's shareholding in OCL was cut fro m49 per cent to 34 per cent last autumn, and the cost of bringing in new services together with labour disputes may have more than halved OCL's interim profits to something like £14m. Its profits should be usefully higher than this over the rest of the year.

In addition, Ocean has had problems with its West African trades, where chronic congestion in and around the ports has meant that voyage times have often been more than twice the usual length. The position is apparently almost back to normal, and although the shipping lines have had to make do with little more than half the rate increases they had been hoping for, a rise of just over 14 per cent has become effective in recent weeks.

The underlying profits trend is hard to establish, since the forecast allows for unquantified losses on the five ships which have been sold so far in the current half. But although Ocean may be over the worst, the outlook remains bleak with more competition on the Middle East routes, a large oil/ore carrier and an LNG carrier in lay up, and poor rates for parcel and bulk carriers.

A good deal of this gloom, of course, is already in the share price. After yesterday's 6½p fall to 110½p, the yield is 11½ per cent. The point to emphasise is that if a group of Ocean's size and status is under this kind of pressure, imagine what most of the rest of the world's shipping industry must now be suffering.

## Pension Funds

The pension funds' intervention in Allied Breweries' bid for Lyons is much their most radical move since they started to show their teeth at the time of the Wilkinson Match affair earlier this year. It is most welcome. Allied has behaved entirely within the rules in not calling a special meeting to secure shareholders' approval for the bid, since it is not changing the nature of its business as defined by the Stock Exchange. That calls for a shareholders' meeting if a diversification stands to add 25 per cent or more to a bidders' net assets or profits—well in excess of any likely contribution from Lyons.

However in other terms, such as sales, debt or management problems, Lyons unquestionably represents a very big mouthful. It is right that shareholders should want to know more about it, and that the forum should be a public meeting. Managers' freedom to manage has to be balanced with the need for institutions to take their long term responsibilities as shareholders more seriously.

## De Beers

So far it is another good year for De Beers, the company which produces one-quarter of the world's diamonds and markets four-fifths of them. Earnings at the interim stage are up by 31 per cent and earnings per share of R1.04 are even better than analysts have been expecting. In the light of these figures the increase in the interim dividend from 17.5 cents to 20 cents has a cautious feel to it.

Recent figures from De Beers' Central Selling Organisation showed that sales of diamonds in the first six months were up 13 per cent — a figure which suggested marked restraint in volume sales when the large price increases of the past 18 months were taken into account. De Beers has outperformed its own market: its first-half revenues on "diamond account" are up by one-quarter. On top of this has come a 40 per cent rise in interest and dividend income

The London share price moved briskly upwards by 13p to 453p in anticipation of the result. American buying was again a feature. The U.S. investor has been keen on De Beers for a year now and was impressed by the company's recent decision to raise diamond prices by an unprecedented 30 per cent. This increase will affect the last third of De Beers' year and should ensure that De Beers produces earnings for 12 months of at least R2.60 per share and a total dividend of around 65c against 52½c last time. This implies a yield on the cum-premium price of 3.6 per cent and a rather lowly earnings multiple of 3.8.

## Monotype

Ravaged by asset strippers and overwhelmed, along with its parent Grendon Trust, by the property and banking crisis, Monotype Corporation has for some years been starved of the funds needed to cope with the technological revolution in the typesetting business. Keyser Ullmann, the effective controller of Grendon, has been unsuccessful in persuading any industrial company to take on Monotype's high-risk development burden, with losses projected for another three years. But here comes the National Enterprise Board in a highly complex deal involving the injection of £3.5m, the acquisition of new technical management, and the casting of Barclays in the untypical role of investment bank.

The intriguing aspect is that the NEB has set itself up as an equal partner with Barclays, each having 37½ per cent of the initial equity of a new Monotype parent company. So Barclays must see at least a glimmer of potential — but as with all NEB interventions the inevitable question is why the market itself could not provide a solution if this is really a viable proposition. As for Grendon, it is getting very little for Monotype, and holders of Grendon's 11 per cent loan stock, issued in 1976 after a row between KU and Morgan Grenfell, are warned that it is unlikely to be worth anything.



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